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NEWS SUMMARY

GENERAL

Secrets plan angers MPs

The Government was given a rough ride in the Commons when it announced plans to replace the controversial Section Two of the Official Secrets Act with a less restrictive Official Information Act.

Mr. Merlyn Rees, Home Secretary, introduced the proposals in a White Paper but was fiercely attacked by Labour MPs who are angry at Government delays in introducing a Fredom of Information Act.

The Government appears to take a dim view of any legislation which would guarantee rights of access to official information. Back and Page 11; Leader comment, Page 22

Diplomatic row over disaster at camp site

Henri Simonet, Belgian Foreign Minister, has attacked his own diplomats in Spain over the handling of last week's campsite gas disaster in which at least 150 people died.

Mr. Simonet said he had called the consul-general in Barcelona and wanted to know why no centre was set up for the Belgian tourists killed or burned in the explosion. He also attacked the Belgian ambassador's failure to go to the scene.

Brezhnev absent

Mr. Brezhnev, Soviet President, and Mr. Kosygin, Prime Minister, failed to appear at the funeral in Moscow of Mr. Fyodor Kulakov, prominent Politburo member once regarded as a likely successor to Mr. Brezhnev. Page 2

Gun siege over

The gun siege at an Oxfordshire farmhouse ended peacefully when Mr. David Brain walked out of the cottage holding his son Mark, 5—whom he had held hostage for a week. Mr. Brain was taken to Banbury police station and will appear in court today.

Vietnam talks

China has proposed Ministerial talks with Vietnam in a bid to break the deadlock over the repatriation from Vietnam of Chinese nationals. But China still says that Vietnam has deliberately obstructed reptriation. Page 4

In Peking, the People's Daily has given a clear endorsement of the principle of bonus payments to improve productivity—though spiritual rewards are still regarded as the main force behind good work.

Student attack

Black students at the University of Rhodesia in Salisbury said they had been attacked by a group of whites using pick-axe handles, cricket bats, iron poles and a whip. Police said five whites were involved but the students said the number was

NATO deadlock

NATO believes Communist proposals put to the Vienna troop-reduction conference have serious flaws and could harm Western security. The 19-nation conference has broken up for the summer without making any real progress. Page 2

Briefly . . .

The Government was defeated on the Wales Bill in the Commons when a Lords amendment disqualifying Westminster MPs from the Welsh Assembly was upheld by a majority of 33.

London grandmother has become the first £500,000 winner in the summer football pools.

Police in South Africa are running short of leg irons for prisoners and have advertised for 500 pairs.

Troops used boats to ferry to safety thousands of villagers stranded by floods in Northern India.

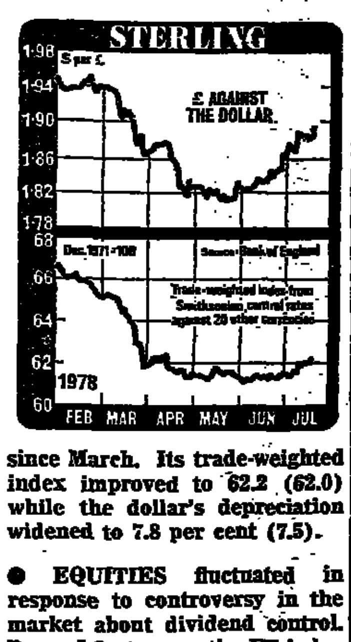
Gerrie Knetemann of the Netherlands won the 18th stage of the Tour de France cycle race.

Ipswich man has invented a means of playing snooker on board a ship.

BUSINESS

Pound gains; Equities down 4.7

● STERLING improved, with a sharp rise near the close, when the pound gained 1.15c to $1.8950, its best closing level



since March. Its trade-weighted index improved to 62.2 (62.0) while the dollar's depreciation widened to 7.8 per cent (7.5).

● EQUITIES fluctuated in response to controversy in the market about dividend control. Down 5.6 at noon, the FT index rallied a little and then closed 4.7 down at 467.7, for a two day fall of 11.6.

● GILTS hardened in anticipation of news of growth in money stock and the Government Securities index closed 0.07 up at 70.57.

● GOLD rose $1 to $185¾ in London.

● WALL STREET was 2.92 up at 837.92 just before the close.

● JAPAN registered a current account surplus in June of $2.33bn, its second largest this year, bringing the total surplus so far to $8.8bn, more than double the figure for the first half of 1977.

● TRADE gap between UK and East Germany has widened in the first six months of this year, with imports by the GDR falling to £26.9m and exports to the UK at £43m. Page 6

● MINISTRY of Defence has underspent its budget in each of the years since 1972-73 by a cumulative £1bn, according to the latest Commons Expenditure Committee report, in spite of a spending spree this year on items ranging from missiles to vacuum cleaners. Back Page

High speed for British Gas

● BRITISH GAS has been urged to speed up its programme to bring natural gas ashore from its newly discovered Morcambe Field in the Irish Sea, to supply industries in the North West. Page 8

● UK TELEVISION manufacturers increased their share of the British market in the first five months of this year while imports dropped substantially. Page 7

● TOSHIBA, one of Japan's largest electrical appliance manufacturers, suffered a 34 per cent fal lin its half year net income from Y3.57bn to Y2.36bn. Page 30

● BP has decided to close its pilot industrial protein plant at Grangemouth in Scotland. The move follows its recent decision to end its Italian protein venture. Back Page

● WESTLAND AIRCRAFT manual workers at the helicopter factory at Yeovil have voted to end piecework, which the company has blamed for jeopardising the future of helicopter manufacturer at the plant. Page 9

● ANGLO AMERICAN Corporation is to take a majority holding in BL's Sotuh African truck subsidiary through Anglo's subsidiary Sigma Motor. The company will be known as Sigma-Leyland. Back Page

COMPANIES

● LRC INTERNATIONAL second-half profits fell by £0.9m to £2.54m, bringing the figure for the year to March 31 down 7.46 per cent to £6.67m (£7.21m). Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 12pc '83	£101⅝	+ ⅜
Birmingham Mint	74	+ 4
Bustead	54	+ 5
Hope Sportswear	102	+ 4
Dawson Intnl.	137	+ 4
Drake and Scull	29½	+ 2½
...ys (Wimbledon)	187	+ 10
Kidderminster	165	+ 5
...arston Thompson	71	+ 4
...inten	137	+ 8
Wallis	164	+ 14
Siebens (UK)	398	+ 22
UC Invs.	244	+ 12
Union Crpn.	292	+ 12

FALLS

Boots	198	− 6
Eastwood (J. B.)	151	− 9
Gt. Portland Estates	282	− 4
Ladbroke	157	− 6
Rank Org.	282	− 8
Reardon Smith	62	− 4
Union Discount	303	− 10
Shell Transport	555	− 5

Cabinet considers today 5% norm for next pay policy

BY JOHN ELLIOTT AND CHRISTIAN TYLER

A recommendation to put a 5 per cent norm for earnings into the Government's White Paper on pay policy for the next 12 months will be put to the Cabinet this morning.

Unless there are serious disagreements among senior Ministers, the White Paper is expected to be published tomorrow.

On dividend controls, however, the Government faced a fresh problem last night when Mr. David Steel, Liberal leader made it clear that his party would not support any legislation.

The Cabinet must now decide whether to risk introducing a short Bill which, because of the Liberal opposition, might not be passed this session.

This emerged after leaders of the Confederation of British Industry told Mr. James Callaghan, at a meeting yesterday morning that they opposed statutory dividend controls.

They also said that they were not prepared to accept any voluntary limits and that the Government had better take its chance with legislation, if it still believed that dividends should be restrained.

Later, leading industrialists asked Mr. Roy Hattersley, Prices Secretary, to announce at this morning's Cabinet meeting that the confederation's continued acquiescence in pay restraint depended on the Government abandoning its present policy of including clauses in public contracts requiring compliance with pay limits.

This threat was made because some confederation leaders believe the Government may be prepared to abandon the contract clauses, while continuing to refuse industrial and export aid to companies breaching its guidelines.

Mr. Denis Healey, Chancellor of the Exchequer, has decided to recommend to the Cabinet only one pay figure, and to argue that the White Paper should not spell out the margin of about 2 per cent that he estimates would be taken up by treatment of anomalies, wage differentials and drift.

The Liberals will refuse to enter into any form of Parliamentary pact with either of the major parties after the General Election unless there is a firm commitment to electoral reform, Mr. David Steel, the party leader, made clear yesterday.
Back Page

As foreshadowed by Mr. Healey and the Prime Minister, the target will be to cut the earnings rise by half of the Phase Three level. This aim was repeated at yesterday's talks.

This implies an overall earnings increase of about 7 per cent, compared with the expectation of around 14 per cent for Phase Three.

Some Cabinet Ministers may argue today that the specified target should be higher than 5 per cent, to give it a better chance of being accepted on the shop floor.

The White Paper will talk in quite specific terms about flexibility and the problem of resolving anomalies and compressed differentials.

But, if the Cabinet agrees, it will not contain a second figure at which all trade union negotiators might try to aim.

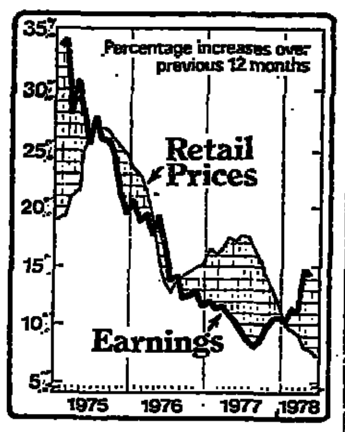
A single figure also avoids the problem of deciding during the pay round which groups of workers genuinely qualify for the higher of two norms.

Mr. Healey will insist that cuts in working hours be set against the norm, unless they are self-financing, and that productivity deals, which the Government wants to encourage, will be carefully monitored.

The expected decision not to specify an amount for solving differential and other problems will disappoint some nationalised industry chairmen.

Yesterday, Sir Peter Parker, British Rail chairman, told Mr. Healey on behalf of the Nationalised Industries' Chairmen's Group, that a separate figure for

Continued on Back Page



Earnings close to forecast

BY DAVID FREUD

THE INCREASE in average earnings in Phase Three of the Government't pay policy looks likely to be close to recent official expectations.

Figures released yesterday by the Department of Employment show that average earnings for the whole economy rose by 11.2 per cent in the first 10 months of Phase Three, up to May. This seems in line with official expectations that the rise for the wage round as a whole will be about 14 per cent.

The older and less representative seasonally-adjusted index shows a rise of 14.1 per cent in the first 10 months, equivalent to an annual rate of 16.9 per cent. Official feeling is that this over-emphasises the productivity agreement gains by industrial workers.

On both old and the new indices earnings are increasing at a much faster rate than retail prices, which rose 7.7 per cent in the year to May. In the same 12 months real disposable incomes, the best measure of living standards, are estimated to have risen by more than 6 per cent.

About two-thirds of workers in major groups had settled by May, compared with 80 per cent at the same stage in the previous wage round.

The main settlements outstanding were in the construction industry and for Post Office engineers.

By mid-July nearly 90 per cent had settled, and the Department said 99 per cent of these were within the Government's guidelines.

The Confederation of British Industry tried to qualify the Government's optimism yesterday.

Mr. Richard Dixon, its social affairs director, said: "It is wrong to say that 99 per cent have settled with 10 per cent.

"Broadly 80 to 90 per cent have settled within or at the 10 per cent level."

Editorial comment, Page 22

£ in New York

—	July 18	Previous
Spot	$1.8890-8905	$1.8830-8840
1 month	0.54-0.48 dis	0.55-0.49 dis
3 months	1.23-1.17 dis	1.27-1.21 dis
12 months	4.26-4.65 dis	4.90-4.70 dis

Carter stops computer sale to Russians

BY DAVID BUCHAN WASHINGTON, July 19.

PRESIDENT CARTER has vetoed a $7m Sperry Univac computer sale to the Soviet Union and placed all oil-related equipment exports to Russia under review, the White House said today.

The moves go some way to meet public and Congressional pressure for retaliation over the heavy sentences passed last week on Soviet dissidents Anatoly Shcharansky and Alexander Ginzburg.

Mr. Jody Powell, White House Press Secretary, said that the President had yet to decide whether to allow the sale to the Soviet Union of a $144m oil drill bit plant by Dresser Industries. Dresser, however, still believes that the sale will go through.

In taking these limited trade sanctions, the Administration clearly hopes to head off calls in and outside Congress for arms limitation talks to be broken off until Moscow reverses its hard-line policy towards its dissidents.

The President and his officials have repeatedly made clear that these negotiations with the Russians, such as those on strategic arms held in Geneva last week and on conventional arms sales begun this week in Helsinki, are too important to be interrupted.

Mr. Powell said that the scope of the computer that Sperry Univac was to have sold to Tass, the Soviet news agency, was generally regarded as excessive for the news agency purpose stated—to speed up its transmission of sports results during the 1980 Moscow Olmpics. There has been some suspicion that the spare capacity could be used to monitor foreigners and dissidents.

Making all oil equipment sales to the Russians subject to a Government review and a specific export licence would "give the President a greater degree of flexibility" on how to react in the future, Mr. Powell said. The oil category had been chosen because the U.S. had a virtual monopoly in that area.

He hoped that the situation in the Soviet Union would so improve that the new controls would not be necessary and said that the U.S. would not "cut off its nose to spite its face."

Not all Administraiton officials are unanimous in their view of the usefulness of trade sanctions against the Russians. While Mr. Zbigniew Brzezinski, Mr. Carter's National Security Adviser, favours limited action in areas where the Soviet Union is technologically weak, Mrs. Juanita Kreps, Secretary of the Commerce Department, which administers export controls, is said to have grave reservations about the leverage that can be exerted on Moscow by adding new categories to the list of sensitive exports.

The bulk of U.S. sales to the Soviet Union are agricultural and come under a 1975 agreement by which the U.S. guaranteed to sell Moscow 6m to 8m tonnes of grain a year.

Industrial exports to Russia amounted to $586m out of total U.S. sales of $1.6bn last year, and in the first five months of this year amounted to $228m out of a total of $1.26bn. Before the President's latest action, the Commerce Department estimated that total sales might reach $2bn this year, with non-agricultural sales at $400m.

Britain expects second Polish ships contract

BY LYNTON McLAIN

BRITISH SHIPBUILDERS is expected to win a second shipbuilding order from Poland.

A formal contract worth up to £30m is expected to be signed within about two weeks for the construction of six 16,000 deadweight tonne bulk cargo vessels, almost certainly at Sunderland Shipbuilders on the River Wear.

The terms of the contract are likely to be less favourable to the Poles than in the first order.

This would reflect growing pressure from British shipowners who felt that the £28m subsidy towards last year's £115m deal had given the Polish shipping company an unfair competitive edge.

Mr. Ronnie Swayne, president of the General Council of British Shipping, said yesterday that a repeat of the terms of the first Polish deal would be received very critically by British merchant fleet owners.

The last Polish order involved 22 cargo ships and two crane barges. Mr. Eric Varley, Industry Secretary, said the order gave substantial work to under-used British yards and could not have been won without a nationalised corporation as a central negotiating agent.

British Shipbuilders had arranged a 100 per cent credit package for the first contract. The £28m subsidy came from the Department of Industry's Shipbuilding Intervention Fund. Seventy per cent of the balance was raised through a conventional Export Credits Guarantee Department seven-year loan and 30 per cent through a British Shipbuilders' Eurobond issue over 15 years.

Vance plans Middle East visit as talks end

BY RICHARD JOHNS, MIDDLE EAST EDITOR

THE FATE of the Middle East peace negotiations between Egypt and Israel was unresolved last night after two days of exploratory talks between their Foreign Ministers held at Leeds Castle in Kent.

Mr. Cyrus Vance, U.S. Secretary of State, who convened the talks, said: "I anticipate that there will be further meetings when I go to the Middle East in about two weeks."

But Mr. Vance could not guarantee a resumption of the direct exchanges. In the meantime, Mr. Vance is despatching Mr. Alfred Atherton, Assistant Secretary of State, to Cairo and Jerusalem immediately in an attempt to maintain some kind of momentum towards the holding of meaningful negotiations.

The critical factor now will be the reaction of President Anwar Sadat, of Egypt, who said in Khartoum on Tuesday that he expected concrete results from the Leeds Castle meeting.

Mr. Moshe Dayan, the Israeli Foreign Minister, is understood to have said that Israel, which is very anxious not to appear the intransigent party, is prepared for a continuation of the exchanges. But Mr. Mohammed Ibrahim Kamel, the Egyptian Foreign Minister, was not able to commit Egypt. Both of them will report to their respective governments.

At central isue is the future of the occupied West Bank and Gaza Strip. The Egyptian and Israeli peace plans detailed here still seem fundamentally opposed.

In a prepared statement issued at the close of the talks Mr. Vance said: "Major differences remain between the positions of the two sides. There is a lot of hard work ahead. Common elements in their approaches have been identified."

He refused to say what these common elements were. Asked what progress had been made Mr. Vance replied: "I think the mere holding of a meeting here is progress."

If a meeting were to be judged in terms of decisions, then progress has been made. But it was still too early to gauge the results until the two protagonists had reflected on what they heard about each other's publicised peace plans.

The U.S. Administration had hoped the Leeds Castle talks would provide the basis for launching a full-scale resumption within as little as a week of the peace negotiations broken off by Mr. Sadat last January.

Extracting what joy he could from the proceedings Mr. Vance characterised discussions as being "very thorough and in great depth." As a result, they had created a greater measure of understanding

Other Middle East news Page 4

Barclays buys American Credit

BY MICHAEL BLANDEN

BARCLAYS Bank International has agreed to pay $191m (about £100m) for a further major expansion in the U.S. by acquiring the American Credit Corporation.

The deal announced yesterday will give Barclays its first substantial investment in the U.S. in a leading consumer finance company.

American Credit, based in Charlotte, North Carolina, operates 354 offices in 21 States in the south-east and south-west of the U.S. and is expanding into the Mid-West.

Barclays is already widely represented in the U.S., particularly through its subsidiaries in New York and California as well as offices in other leading centres.

It also has extensive interests in consumer finance in the UK, through Mercantile Credit, and in Australia.

The acquisition fits into the recent pattern of expansion in the U.S. by foreign banks, with National Westminster and Standard Chartered both recently announcing major purchases.

Mr. Deryk Vander Weyer, a vice-chairman of Barclays, said that the purchase fitted in with the bank's strategic and tactical objectives.

It followed the bank's move earlier this year in which it engaged Goldman Sachs to advise on capital raising and acquisitions in the U.S.

Finance for the deal is expected to be found from existing and new dollar borrowings.

Under the agreement, which is subject to the approval of shareholders of the U.S. company and of the U.S. and UK authorities, Barclays is to pay $50 in cash for each share of American Credit Corporation. This compares with a previous market price of $22.

The U.S. company is the 29th largest consumer finance group in the U.S. Besides consumer lending, which accounts for about 65 per cent of its business, it is engaged in sales financing, factoring, commercial financing, leasing and insurance.

At the end of June, it had total assets of $755m and shareholders' funds of $113m. The pre-tax profit for the year to end-June was $26.8m. The price being paid by Barclays represents a premium over net asset value of 68 per cent.

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FEATURES

For latest Share Index 'phone 01-246 8026

Basque threat on changes to constitution

By Jimmy Burns

MADRID, July 19.

MEMBERS OF the Partido Nacional Vasco (PNV), the principal Basque parliamentary party, today threatened to abandon the Cortes, the Spanish Parliament, unless the Government acceded to their demands concerning the final text of the constitution.

An attempt by the Government and the Socialists, the main opposition party, to swing the PNV behind support for the constitution, ended in deadlock last night.

The growing concern in political circles here as to the effect that a total breakdown of negotiations with the PNV would have on the Basque country was made clear this afternoon with the revelation that the topic had been raised at a meeting between Sr. Adolfo Suarez, the Prime Minister, and military leaders on Monday.

The crucial debate on the constitutional articles relevant to the question of autonomy for the Basque and other Spanish regions almost ground to a halt today. Parliamentarians on all sides played for time in the hope that talks with the PNV would be resumed and a positive compromise could be reached.

The PNV until now has remained adamant that the present text of the constitution is not insufficiently clear on the autonomous state of the Basque region. The party wants formal recognitio nof a series of specific rights and customs for the region, including greater economic powers, particularly on taxation.

Both the Government and the main opposition parties, however, feel that a carefully elaborated strategy for the regions has already gone far enough on the question of autonomy. In their view, granting further privileges to the Basque country could bring with it the danger of creating a "state within a state."

It is with this in mind that the Government side, led by Sr. Abril Martorell, the deputy Prime Minister, has insisted throughout the negotiations that the PNV should clearly pledge its loyalty to "the unity of Spain" as specified in the present text of the constitution. In return the Government is prepared to accept certain amendments suggested by the PNV. These would include a more specific reference to the transfer of local administrative power to the semi-autonomous Basque General Council.

Talks between the PNV and the Government are taking place amid indications from the Basque country that ETA, the Basque terrorist organisation, may be preparing a new campaign of violence with the aim of upsetting any eventual compromise on the constitution.

Bonn finds financial scope for boost to economy

BY JONATHAN CARR

BONN, July 19.

THE WEST GERMAN Cabinet will have more financial room for manoeuvre than expected when it takes its decisions next week on further steps to try to boost economic growth.

Latest information indicates that the public sector credit requirement this year will be smaller than feared. Thus the danger of driving up interest rates and of causing constitutional problems through further large-cale borrowing will be reduced.

Finance Ministry figures released today show tax revenue increased in the first half by 8.2 per cent against the same period of 1977 to DM134.5bn—thanks not least to sharp rises in takings from turnover and corporation tax.

This result makes it likely that the figure of DM311.7bn forecast for tax revenue for the year as a whole will be surpassed. Meanwhile expenditure—notably by the Governments of the provincial states—is less than expected. The result will be less borrowing.

The point is important in view of the conditional commitment for growth which Bonn gave its partners this week at the Western economic summit conference here.

The West Germans pledged to take additional measures of "up to 1 per cent of GNP" but said the exact amount would depend, among other things, on the capacity of the capital market to absorb extra borrowing.

Bonn has thus formally set an upper limit for its action (around DM13bn) but not a lower one. Chancellor Helmut Schmidt has feared that a greatly increased credit need by the Government would force up interest rates, discourage private sector borrowing for investment and thus work against an economic upswing.

The latest news shows that there is less likelihood of this. It also suggests that the Government may be able to avoid charges that it is offending against Article 115 of the constitution. This, in general, limits Government borrowing in any one year to the sum assigned in the budget to investment.

The Cabinet will meet from next Wednesday to Friday with representatives of the Bundesbank to decide of details of the new growth measures. The meeting will be preceded by talks between the coalition partners. The most likely result is a package of tax and investment-promotion measures as well as an increase in family allowances.

Terrorist complaints rejected

BY ADRIAN DICKS

BONN, July 19.

THE EUROPEAN Human Rights Commission in Strasbourg has rejected as groundless a series of complaints originally brought by Andreas Baader, Gudrun Ensslin and Jan-Carl Raspe, and followed up by their relatives after the three terrorists' suicide last October.

The West German Government has been disturbed by some, of the past criticism of its treatment of jailed terrorists, and will see the judgment as gratifying support.

The Commission notes that no evidence has even been produced to justify the claim—since raised almost to an article of faith by the extreme Left in several countries—that the three were in fact murdered. Nor, says the Commission, is there any reason to believe that ill-treatment in any way contributed towards their deaths.

The Commission's judgment is, in fact, that the terrorist prisoners in Stammheim Prison, near Stuttgart, were pampered rather than treated harshly. It notes that they had cells supplied with books, radios, TV sets, record players and other luxuries and were segregated from ordinary prisoners at their own insistence.

The controversial isolation of the terrorists, at the time of the killing of Herr Hanns Martin Schleyer, in the Commission's view, was amply justified by their past record of violence and by the likelihood that attempts would be made to free them. At other times they were allowed almost unlimited contact with one another, with their families and with their lawyers (some of whom are thought by the German police to have smuggled in the arsenal of weapons found in searches of Stammheim). The Commission also rejected, after inspecting the prison, the charge that the terrorists were bugged or watched by hidden cameras. Allegations that the terrorists were denied due process at their trials were also dismissed.

Herr Hans-Jochen Vogel, the Minister of Jutice, welcomed the Commission's finding as "a further important step towards correcting the picture that has been drawn abroad of the Federal Republic of Germany, sometimes through lack of information but sometimes also through deliberately misleading criticism."

East German economy on target

BY LESLIE COLITT

BERLIN, July 19.

EAST GERMANY'S economic performance in the first half of this year appears to have met expectations although the results are more difficult than ever to evaluate because of the almost total absence of actual production and trade figures.

The central Statistical Office has released only percentage figures showing increases over the first half of last year. These reveal that the East German national product grew by 5 per cent over the same period last year. The target figure for growth for all of 1978 is 5.2 per cent.

Significantly, however, actual growth figures are given for East German birth so far this year although they are not regarded as part of the plan. According to these figures, 118,800 East Germans were born in the first half of this year, 5,900 more than in the first six months of 1977. This is being hailed by the official East German Press as "an expression of the social security" in East German society.

Industrial production in East Germany is said to have risen by 5.2 per cent and growth in the Industrial Ministry's sector is said to have been 5.4 per cent. The target figure for this entire year is 6.2 per cent.

East German investments increased more rapidly than planned, by 3.5 per cent compared with the 2.1 per cent rate for the entire year. A few months ago, East Germany's Prime Minister, Herr Willi Stoph, complained about "unplanned" investments of about 1bn marks. Frequently these reflect factory investments in amenities for workers—summer camps, for instance—aimed at keeping them from changing their jobs. Labour turnover has been a consistent problem in the East German economy.

The net income of East Germans is said to have gone up by 3.5 per cent, while 4 per cent is being aimed for in the entire year.

East Germany's increasing birthrate, from a low of 10.6 births per 1,000 population in 1973 and 1974 to 13.5 births last year is regarded as one of the success stories in this country of 16.8m inhabitants. Many of the country's inhabitants are elderly and there have been fears that an earlier slowdown in the birth rate could affect future growth.

The increase in births has taken many East German planners—as the country's President, Herr Erich Honnecker, admitted last year—by surprise. It even follows the legalisation of abortion on demand.

East Germany's foreign trade statistics are the scantiest to date, showing only that exports rose by 10 per cent overall

Five-year delay in Dutch nuclear plan

By Charles Batchelor

AMSTERDAM, July 19.

HOLLAND WILL not be able to start using nuclear energy on a large scale until 1990 at the earliest, five years later than planned.

A public debate on nuclear policy is expected to take two years and it will take a further eight years to obtain planning permission and construct nuclear power stations, Mr. Gijs van Aardenne, the Economics Minister, has said in a letter to Parliament.

Where to store radioactive waste and where to site the three nuclear power stations which were approved in principle by the previous Government, will also have to be decided. While the decision is being taken on nuclear energy, new coal-fired power stations will have to be built. Holland is reducing the role of natural gas in power stations and sees coal as the main alternative.

The Minister said that a quick decision was needed in view of the transport and environmental problems which would be caused by the growth in the use of coal.

Almost all Holland's electricity production capacity of 14,500 MW will have to be renewed from the late 1980s. If all the present capacity were to be replaced by coal-fired power stations 14m tons of coal would be needed each year by 1995 compared with 1m tons now. This would rise to 23m tons by the year 2000.

The Government is calling for rapid investigation of underground storage sites for nuclear waste.

Portuguese foreign debt may double

By Our Own Correspondent

LISBON, July 19.

PORTUGUESE Finance Minister Vitor Constancio says the need for econmic growth and the fight against unemployment will mean the country's foreign debt is likely to double in five or six years.

Speaking during the signing of an agreement for a $150m loan mainly provided by West German banks, the Finance Minister emphasised that the loan represented Portugal's first foray onto the financial markets since the revolution.

Dr. Constancio said Portugal's total external debt at the end of 1977 had been $4.4bn while exports had reached $2.75bn. This, he said, represented a quotient of 1.6 compared with the level 2, which was considered the limit for a country's indebtedness.

He said projections for 1981 showed the total debt would be $8.5bn while a 13 per cent increase in exports would mean the deficit ratio stabilised at about 1.81.

● President Valery Giscard d'Estaing arrived in Lisbon today for a three-day official visit to Portugal, the first by a French head of state since 1905.
Reuter

IMF accord with Italian on three-year programme

BY DOMINICK J. COYLE

ROME, July 19.

A REVIEW TEAM from the International Monetary Fund (IMF) has now concluded its mission in Rome after reaching broad agreement with the Government on an outline three-year (1997-1981) economic programme. But it is still apparently reluctant to support formally a new standby facility for Italy until the programme takes on concrete shape and gains parliamentary approval.

The IMF team, led by Mr. Alan Whittome, the Fund's European director, is understood to have told Sig. Filippo Maria Pandolfi, the new Treasury Minister, that his programme is generally appropriate to Italy's medium-term economic needs, including its provisions for an element of recovery in order to cut back on mounting unemployment.

The IMF is thought to have been impressed by the Ministers personal determination to try and get to grips with the rapidly escalating enlarged public sector deficit which, this year, is expected to come out at little less than double the upper limit of L14,450bn (more than £9bn) set for 1978 and recorded in the Italian letter of intent to the IMF in the spring of last year.

However, Mr. Whittome is well aware of the complexities of political decision-making in Italy, and he has noted that the Minister's programme will now have to be discussed in detail with the political parties supporting the present minority Christian Democrat (DC) Government of Sig. Giulio Andreotti, with the trade unions and, finally, by Parliament.

At his final working lunch yesterday with Sig. Pandolfi, Mr. Whittome is known to have indicated that a further visit to Rome by the IMF would only be of value when there were clear indications that pledges undertaken by the Italian Government, in a new letter of intent, could be relied upon, and not be subject to "fur[illegible] debate at a later time."

This was a clear reference [illegible] difficulties experienced at [illegible] time of the last agreem[illegible] between Italy and the [illegible] including provisions for [illegible] relatively minor alterations [illegible] the present pattern [illegible] inflationary wage indexation. [illegible] that occasion, the formal le[illegible] of intent had to be revised, a[illegible] the trade unions refused [illegible] accept changes to which [illegible] Government had committed its[illegible] to the IMF.

The present expectation, he[illegible] assuming that the political [illegible] social forces can be persuad[illegible] to accept Sig. Pandolfi's so [illegible] unpublished three-year pr[illegible]gramme, and certainly at le[illegible] his 1979 budget package, is th[illegible] Mr. Whittome and his colleagu[illegible] will return to Italy in la[illegible] September or early October a[illegible] finalise a new letter of intent [illegible] exchange for a further Itali[illegible] standby from the Fund of $1[illegible]

Troop cut warning by NATO

VIENNA, July 19.

NATO NEGOTIATORS stated today that communist proposals for a European troop-reduction agreement had serious flaws and could harm Western security.

The Western Alliance said no real progress in the deadlocked East-West conference on manpower reductions was possible until the two sides resolve a five-year dispute over communist force levels.

The 19-nation conference broke up for a two-month summer recess, closer to agreement than ever before on broad principles of an eventual troop-cutting agreement in central Europe.

But the complex issue of manpower statistics—with NATO insisting the Warsaw Pact has a 150,000-man advantage — will remain the No. 1 problem when delegates reassemble on September 28.

The conference's 15th round since 1973 ended with an appeal by Polish chief delegate Tadeusz Strulak to start drafting a reduction agreement.

The seven Warsaw Pact nations have accepted Western demands for a collective 700,000-man ground force ceiling on each side, and have offered an initial 30,000-man and 1,000-tank cutback by the Soviet Union in Central Europe against a U.S. withdrawal of 14,000 men and 1,000 nuclear warheads.

But the plan has been made conditional on acceptance of the Warsaw Pact's own statistics, which show the Communist alliance had 805,000 ground troops in Central Europe. NATO says it has hard information that the figure is closer to 950,000.
Reuter

Brezhnev avoids funeral of Politburo member

BY DAVID SATTER

MOSCOW, July 19.

TOP SOVIET leaders, including Mr. Leonid Brezhnev, the Soviet President, today failed to attend the funeral in Red Square of Mr. Fyodor Kulakov, the prominent Politburo member once regarded as Mr. Brezhnev's most likely successor.

Mr. Alexei Kosygin, the Soviet Premier, and Mr. Mikhail Suslov, another member of the ruling Politburo's inner circle and the chief ideologist, were also absent from the funeral which was addressed by Mr. Andrei Kirilenko, who normally deputises for Mr. Brezhnev.

The absence of three of the Soviet Union's four most important political figures at a funeral where their attendance would have been thought obligatory has led some observers to conclude that Mr. Kulakov, who once showed every sign of being the Kremlin's rising star, was on the way out of favour at the time of his death

The Central Committee plenum last month was devoted exclusively to agriculture. This may have apportioned some blame for last year's agricultural setbacks to Mr. Kulakov who had overall responsibility for agriculture. He had not, however, be[illegible] hindered by past agricultur[illegible] disasters as he moved u[illegible] through the party apparatus.

Mr. Kulakov was not known t[illegible] be ill and his death came as [illegible] surprise. He died suddenly o[illegible] Monday of cardiac arrest. Th[illegible] letters of condolence in th[illegible] Communist Party newspape[illegible] Pravda today, however, took u[illegible] considerably less than tw[illegible] columns. When Marshall Andr[illegible] Grechko, the former Defenc[illegible] Minister, died in 1976, the letter[illegible] of condolence took up an entir[illegible] page.

Mr. Kulakov's obituary signe[illegible] by Mr. Brezhnev and Mr. Kosy[illegible]gin, nevertheless praised him fo[illegible] his "conscientiousness and prin[illegible]cipled attitude" and underline[illegible] his standing in the party.

Mr. Kirilenko, echoing the offi[illegible]cial obituary, said in his funera[illegible] address that Mr. Kulakov showe[illegible] "versatile abilities as a party[illegible] figure" but his speech was de[illegible]void of extravagant praise.

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Police reform talks

By David Gardner

PAMLONA, July 19.

FOR THE first time since Parliamentary elections put Spain on the road towards democracy, the Spanish Government is showing a positive sign that it is prepared to tackle what is perhaps the most delicate problem in democratisation: the reform of the police force.

The conversations held in Madrid this week between Sr. Rodolfo Martin Villa, the Minister for the Interior, and Sr. Ramon Rubial, the President of the Basque General Council, centred on where the problem of the police in Spain is most pressing: the Basque country.

Sr. Villa and Sr. Rubial agreed that the question of an autonomous Basque police force should receive very serious consideration. The bad relations between the existing police force—totally recruited outside the region—and the local inhabitants were highlighted when riot police last week went on the rampage in the town of Renteria.

Following the Renteria incident, and the clashes between police and demonstrators in Pamplona, three senior police officers were removed from their posts. These incidents have had many precedents. In September 1976, in Ondarroa, Lequeitio and Guernica; last April in Zarauz, and most recently last week in the Egma district of San Sebastian, police went on similar or worse rampages.

The Basque country has had more than its share of police. In the last ten years, the Spanish police forces have almost doubled to over 100,000 men, or approximately one for every 340 inhabitants.

In the Basque country the ratio is now roughly one policeman for every 100 people. Recently, also the Government has started to send in specially trained riot troops, stationed within easy reach of the Basque country.

This development has coincided with the plethora of mass demonstrations and general strikes in the Basque country. As a result of the escalation of deaths among demonstrators, the long-standing Basque hatred of the police has reached a new pitch. Few demonstrators now fail to call for the dissolution of the "repressive forces."

Nor are the police themselves happy. Most plainclothes police stationed in Bilbao want a transfer, according to a spokesman, who added that it was made abundantly clear to them in their daily work that they were not wanted. There are signs that Spanish police are growing tired of putting down demonstrations.

Apart from the riot police brought in briefly and then withdrawn, many of the Basque-stationed police are new recruits in their first posting.

TURKISH CYPRIOTS

A growing sense of resentment

BY METIN MUNIR

IMPORTS OF Scotch Whisky into the Turkish Federated State of Cyprus rose by 55 per cent last year and the drink is apparently catching on in the Turkish community. The reasons for this are not clear but one possible explanation is that the Turkish Cypriots are trying to drown away their sorrows.

There certainly seems to be grounds enough for turning to the bottle. The economy is in bad shape. There is a continuing social upheaval caused by the rehabilitation of Turkish Cypriots displaced from the south of the island and Turks transplanted from the mainland. The administration remains primitive and the Government largely ineffectual.

Last week President Rauf Denktash sent his new Prime Minister, Mr. Osman Orek, to Ankara to ask the Turkish Prime Minister, Mr. Bulent Ecevit, for cash to pay civil servants and subsidise the state economic enterprises which are heavily in the red. Although no announcements were made at the conclusion of Mr. Orek's one-day talks in Ankara it appears that Mr. Ecevit, with great reluctance, has once more agreed to foot the bill.

The Turkish Prime Minister, who sent the Turkish army to Cyprus four years ago today, appears to have no other alternative, although there have been suggestions recently that he should cut off the aid and "let the Turkish Cypriots fry in their oil." His dilemma is a difficult one. If he stops the cash contributions the north may go bankrupt in a few months. If he does not, he will continue propping up an inefficient administration which will go on needing fresh cash contributions. For the time being, at least, he has apparently elected to pursue the latter course.

The Government which is in power in northern Cyprus is made up of Mr. Denktash's old guard, with some young recruits. It has been holding the reins of power since the 1950s when the intercommunal strife on the island started.

Mr. Denktash's Right-wing National Unity Party won the General Election by a landslide in the first poll following the declaration of the "Turkish Federated State of Cyprus" in February 1975. Mr. Dentkash himself was seperately elected President — almost unanimously —and in theory, under the new constitution, severed his ties with his party to rise above party politics.

In practice, however, his ties with the National Unity Party remained strong as ever, and he has continued to exercise great powers. This, in fact, is one of the biggest problems and failures of the Turkish-Cypriot administration. Because Mr. Denktash in practice carries out the functions of President, Prime Minister and party leader, his Prime Ministers have very little control over their Ministers who, in turn, have little authority over their staff.

Admittedly, Mr. Denktash's role is the continuation of a tradition established during the civil war years when, by necessity, he played the role of a benevolent despot. But the civil war has ended and the Turks are safe beyond the boundary with the Greeks. His current role, however, is effectively preventing his small state's executive institutions from taking root.

"My door is open to all," Mr. Denktash is proud of saying. It is. One minute he may be conferring with the Turkish Ambassador and th next receiving a peasant who wants him to do something about his lost donkey. He handles both with equal adroitness.

Meanwhile the Cabinet and the civil service is thrown into disarray.

The situation is further aggravated by the widespread interference of the mainland Turkish authorities. These must be consulted on almost every point. The Turkish ambassadors in Cyprus wield as much power as Mr. Denktash. The Turkish aid mission and the Turkish army on the island also possesses large powers.

In this there is something of the paternal, "leading the child by the hand," as a Turkish diplomat put it. But some Turkish Cypriots fear that with so many hands leading it the child may never grow up.

The representatives of the Turkish Ministry of Finance and Commerce have more powers than the Cabinet Ministers, one holding the purse strings and the other controlling the foreign trade regime.

But unless this muddle at the top ceases it will be difficult, not to say impossible, for the Turkish Cypriots to have either an effective government or an efficient bureaucracy. And without that there is little chance of the current problems being solved.

"If Ankara does not take us seriously why should anybody else?" asked a Turkish Cypriot opposition deputy.

It is unclear to what extent this interference is done with the knowledge or concurrence of Ankara. It is quite possible that Mr. Ecevit, himself beset with grave problems, is not aware of what is going on in the north, and probably has not got the time to find out.

Turkish newspapermen based on the island as well as most of their local colleagues have preferred to maintain a tactful silence on these and other semi-taboo matters. Consequently the Turkish taxpayer too is largely unaware of the extent of the confusion and inefficiency which is going on partly at his expense.

There is growing awareness and resentment of these and other grievances — inflation, social injustice, unemployment — among the Turkish community. The three opposition parties, which are all Left of centre, are using the assembly floor with increasing aggressiveness. Dr. Fazil Kucuk, the former Turkish Cypriot leader and one-time close friend of Mr. Denktash, is daily sniping away at the Government in the columns of his newspaper.

Even inside the National Unity Party discontent appears to be building up. Several deputies, including the former Prime Minister, Mr. Nejat Konuk, have quit the party, and some observers say other resignations will follow. These observers believe that the ruling party may even lose its majority in the 40-seat assembly and a coalition be formed, possibly under Mr. Konuk.

Mr. Rauf Denktash . . . "my door is open to all."

The failure of the Turkish corner of the island is not a private problem of the Turks since the Cyprus problem itself is far from being a private one. Cyprus constitutes the most crucial knot in a web of problems involving Turkey, Greece, and the U.S. and through these NATO and the EEC.

The Turkish Cypriots cannot afford to lift the armed frontier dividing them from the Greeks as this would result in their economic ruin. Mr. Denktash, who has spent his entire adult life struggling for the survival of his community, will never consent to this. The Turkish Cypriot view is that is is necessary they be given some access to the foreign aid pouring into the south so that their development can approach those of the Greeks. So far they have received little or nothing from anyone except Turkey. Arguably, the Greek Cypriots would be wise to lift what the Turkish Cypriots see as a crippling economic blockade of the north, permitting this to open its doors to countries other than Turkey. In the last evaluation, the Turkish side insists, this blockade is bound to be counter-productive, crippling as it does the development of the north. In the Turks' book, gloating over their failures, which appears to be the dominant reaction in the south, is a short-sighted policy.

Ecevit ban on police groups fails

BY DAVID TONGE

AS POLITICAL violence in Turkey continues to claim an average of two lives a day, Mr. Bulent Ecevit's government is running into fresh problems with the police. Two weeks ago it ordered the closing of two police associations, but that order has now been quashed by the Council of State.

Police impartiality has long been questioned, not least by Mr. Ecevit who earlier this year accused armed security police of posing as students to cause trouble.

The inspirer of the extreme Right, Mr. Alparslan Turkes, was Deputy Prime Minister in the previous Government and supporters of Mr. Ecevit claimed that the police had been infiltrated by following of Mr. Turkes's Nationalist Action Party (NAP). They are believed to have been particularly active in the intelligence services.

The recent appointment of General Adnan Ersoz to head MIT, Turkey's central intelligence agency, reassured many of Mr. Ecevit's supporters. The general has a reputation as a liberal figure who would not tolerate excesses.

But policemen, worried at the growing strength of the extreme Right, set up the organisation, Pol-Der. This rapidly grew to several thousand members. Though on the Left, it was less an ideological body than a broad alliance worried by increasing violence by the Right. To counter it, some right-wing officers set up the much smaller Pol-Bir. The two occasionally clashed openly.

Though Pol-Der initially supported the Ecevit Government, its Istanbul president, Mr. Kazim Bilir, now complains that the Government has taken "No measures against fascist attacks and watches these like a spectator." He also says that his members are searched without warrant and sent to serve in the provinces.

The Right has complained of politicisation of the police Mr. Ecevit insists that he will not drive one group of militants from the state machinery so that another may take these over.

The dispute over the police is symptomatic of the deep divisions over how violence should be curbed. Its outcome is crucial to hopes of some ebb in the tide of death.

AMERICAN NEWS

Carter bid to curb hospital costs killed by lobbyists

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, July 19.

RESIDENT CARTER'S year-d plan to control the spiralling sts of hospital care expired in ngress last night. The saga d ultimate death of this piece legislation, important for its cial and anti-inflationary impli-tions, demonstrates the extent which special interest groups e enjoying untrammelled sway Washington, and the general ability of the Carter Adminis-ation to combat them.

Most public opinion polls in cent years have shown that the erage American is more con-rned about the price of medical re than about anything else. ficial figures have shown why. st year hospital costs to the nsumer rose by nearly 16 per nt. This year, the medical com-ment of the cost of living index s been going up at an annual te of 10 per cent.

In his campaign, Mr. Carter d pledged to take action on is and, three months after his auguration, unveiled his ospital Costs Containment Bill. ardly a radical proposal, and signed to fill the gap until a tional health insurance heme was fully effective in the 80s, it would have imposed deral controls if costs rose by ore than 9 per cent a year but ft the onus on the medical pro-ssion to find its own savings d thereby avoid bureaucratic terference.

As the pace of inflation has ickened in the last six months, e President and members of s Government have regularly ferred to the Hospital Bill as the sort of legislation which could ease the price spirals.

But the extremely powerful and politically astute medical lobby, loth to subject itself to federal interference and arguing simultaneously that the quality of medical care could suffer in consequence, threw its weight behind an entirely voluntary approach.

Although the Carter approach enjoyed some initial legislative success last year at committee level in the Senate, the House Commerce Committee bowed to a key compromise in February. This accepted the medical profession's proposal to institute a voluntary programme designed to cut hospital costs by 2 per cent a year, but retained the threat of mandatory Federal curbs if that goal were not achieved.

But, last night, the Committee finally reported out a Bill which simply endorsed the profession's voluntary approach. Mr. Joe Califano, Secretary of Health, Education and Welfare, condemned the action as "a defeat for the public interest and a victory for the special hospital interests," while a spokesman for the jubilant American Medical Association said that voluntary efforts constituted "the only responsible approach."

In practice, the medical lobby, which exerts much influence over Congressmen's constituency affairs, did its work well, but the administration failed to put together a countervailing lobby. Even organised labour, which might have been expected to help, was lukewarm because it insisted that hospital workers should be free to win whatever wage increases they felt were justified to combat inflation.

The Committee's action also demonstrated the strength of the current sensibility which feels that business and the professions should enjoy less bureaucratic interference. As the California vote on the tax-cutting Proposition 13 showed, government is an unpopular beast these days.

This is proving a tough nut for the Administration to crack. A balkanised Congress, susceptible to special interest appeals from its constituents, is not enthusiastic about getting to grips with national problems—even when they are as apparently all-consuming as inflation. Successive pieces of legislation concerning national issues and ranging from the Energy Bill to hospital costs containment, have been bottled up or decimated on Capitol Hill by those who find it easier to answer to particular masters.

At the same time, the Administration's lobbying record has been inconsistent and insufficient to overcome the gut Congressional feeling that it is possible, and in some cases easy and profitable, to defy the President of the U.S. The popular wisdom in Congress, with the mid-term elections less than four months away, is that more votes may be won by running against Jimmy Carter than with him.

Ford breaks ranks on pricing

BY JOHN WYLES NEW YORK, July 19.

HE FORD Motor Company has dicated that Detroit's co-opera-on with the Carter Administra-on's price restraint policy may ot extend to prices planned for e 1979 truck model range.

Both Ford and General Motors ave undertaken not to raise ices on cars any higher than e 6 per cent increases they aplemented last year. This was en in Washington as a signi-ant boost for the Government's iti-inflation programme, but ntative price proposals which ord has sent to its truck dealers ay somewhat tarnish this view.

Ford, the country's second rgest car maker, has proposed 7 per cent increase on light ucks such as pick-ups and vans nd a 6.8 per cent increase on edium and heavy-duty trucks.

n the surface, Ford can claim is is in line with the letter of resident Carter's policy of not troducing higher price in-eases this year than last. But it departs somewhat from the spirit of the policy because Ford has brought in interim increases in truck prices which means that by year end they could, with the 7 per cent increase, be costing between 8.9 per cent and 9.3 per cent more than when they were introduced last autumn, at a price of 7 per cent higher than the year before.

Moreover, the popularity of light trucks as ordinary passenger vehicles means that their prices are more directly related to the consumer. However, complying with the President's policy on car prices will squeeze Detroit's profit margins and larger increases in truck prices will enable car producers to recoup some of the sacrifice.

Neither General Motors nor Chrysler has yet disclosed truck pricing plans but such is the way of the motor industry that it would be surprising if they did not follow Ford's lead.

● The National Highway Traffic Safety Administration has recommended that Rolls-Royce be exempted this year from meeting the Government's regulation on minimum car fuel consumption. All 1978 model cars have to achieve a fleet average consumption of 18 miles to the gallon and any company that fails will be fined.

Rolls-Royce argued forcibly that its models, which average 10.7 miles to the gallon, could not be modified to meet the regulation without incurring prohibitive costs. The Administration has accepted this argument for 1978 but has not ruled on the company's plea for exemption for 1979 and 1980. The agency noted that exempting Rolls-Royce would add only 30.4 barrels of oil a day to US consumption when all passenger cars were consuming 5m barrels of oil a day.

SEC calls for fuller disclosures

BY OUR OWN CORRESPONDENT NEW YORK, July 19.

URSUING its goal of greater isclosure of management con-uct, the Securities and Exchange ommission has proposed that rporations should release more formation to shareholders about eir directors.

The Commission is seeking ublic comment on its sugges-ons which stem from a review is making of "corporate overnance." This has been ompted by the string of dis-osures made by U.S. corpora-ons over the past two years questionable and illegal pay-ents.

Among other things the Commission's proposals would require companies to declare the degree of independence which their nominated directors have from management. Each nominee would have to be either a management director, an affiliated non-management director, such as an investment banker, or an independent director having no ties with the company.

Corporations would be asked to reveal whether they have directors' committees which review the work of outside auditors and approve executive and director compensation.

Shareholders would be informed by statements of how often a board meets and of the names of directors who miss 75 per cent of the board's meetings. They would also be told of resignations caused by a disagreement between directors and management and of the nature of the dispute.

The proposals would require publicly held institutional investors to disclose in their annual reports to shareholders how they vote the shares they hold or control.

Hopes rise on postal pay

BY OUR OWN CORRESPONDENT NEW YORK, July 19.

EGOTIATIONS TO avert pos-ble stoppages by U.S. postal orkers were said to be making ogress this morning against a adline of midnight tomorrow.

It is expected that if no new ntract is agreed by then mbers of the U.S. Postal rvice's 500,000 workers will nore a legal prohibition and lk off the job. The last time is happened was in 1970, and w, as then plans are being awn up to use troops to ensure livery of the mails.

However, Government depart-ents were reluctant to discuss ch a contingency this morning d officially there is confidence at an agrement will be reached tomorrow night. However, e negotiations, which started veral weeks ago, have been rough several sticky patches er the last few days and a eakdown was reputedly averted yesterday only by the persistence of Federal mediators.

The Postal Service, which is an independent agency, is under considerable White House pressure not to concede wage rises greater than the 5.5 per cent ceiling imposed on Government employees. Any significant breach of this limit would severely tarnish the Administration's anti-inflation strategy and make the achievement of modest settlements with other large groups of workers extremely difficult.

In the past few days the outline of a possible compromise has started to emerge in which the unions might trade their demands for 14 per cent rises in return for the Postal Service dropping its aim of scrapping a "no redundancy" clause in existing agreements.

Bolivian ex-president on hunger strike

A FORMER Bolivian president has gone on hunger strike in the Vatican embassy in La Paz in protest against alleged fraud by the ruling armed forces in the general election last week, Reuter reports. Sr. Hernán Siles Zuazo, 67, said he intended to hold an indefinite hunger strike in the embassy.

He was the presidential candidate for a left-wing coalition in the elections and was runner-up to the candidate of the military government, Gen. Juan Pereda. International observers accused the military rulers of widespread fraud and intimidation in the first national Bolivian election for 12 years. Sr. Siles was president from 1956-60 and, after a long period in exile, returned home in March.

London flight request

Western Airlines has asked the U.S. Civil Aeronautics board to allow it to become the first U.S. airline to provide non-stop flights from Anchorage to London, Reuter reports from Anchorage. Several foreign airlines, including British Airways, fly between the two cities.

LA Olympics plan

The International Olympic Committee (IOC) thinks Los Angeles can host the 1984 Olympic Games by "sub-letting" them to a private corporation which would cover any financial losses, IOC sources said yesterday, Reuter reports from Lausanne. IOC president Lord Killanin hopes to discuss this and other possible compromise solutions with Los Angeles authorities. Meanwhile, in Munich, Mayor Erich Kiesl said yesterday that Munich was ready to take over the games if Los Angeles pulled out. The city, which was the venue for the 1972 Olympics, would, however, need financial support from the West German and Bavarian governments.

U.S. COMPANY NEWS

Chemical groups' earnings disappoint: Honeywell optimistic after profits advance; Bendix registers improvement—Page 28.

Caricom agrees regulations on internal trade

By Canute James KINGSTON, July 19.

THE TROUBLED Caribbean Community and Common Market (Caricom) was last night given a new lease of life by ministers representing its 13 members. The ministers ended a two-day meeting with agreements which appear to solve major problems which have bedevilled trade within the group over the past five years.

This claim for a successful conference is supported by the fact that there has been agreement on rules of origin affecting goods which are manufactured and sold within the region, and which attract duty-free access to markets.

There have been previous attempts to use the criterion of a 50 per cent local added-value for regionally-manufactured goods to qualify them for duty-free preferential treatment. Some members have, however, accused others of flouting these rules, while other accusations have been that finished goods from third countries have been passed off as regionally manufactured materials.

The criteria agreed by the Foreign and Trade Ministers last night have not yet been made public, but conference sources reported that a special sub-committee of technical and economic officials representing member countries will meet soon to refine the formula.

The new rules of origin will, however, come into effect on January 1, as will a new common external tariff. The figures for this have also not yet been released, but conference sources indicated that the technical difficulties which stood in the way of agreement have all been resolved.

The possibilities of agreement on major issues were increased on Monday night when the Jamaican Government announced that it had set aside an additional $J20m (£6.87m) for imports from Caricom countries for the second half of this year.

OPPOSITION IN NICARAGUA

Disturbance of a dynasty

BY JOSEPH MANN, IN MANAGUA

THE GOVERNMENT of Nicaragua was shaken again last week by a wave of street violence directed against the regime of General Anastasio Somoza. At last count the death toll had risen to 14, including two soldiers, scores of injured and an unknown number of people jailed.

The week of disturbances was set off by an incident last July 9 in the city of Jinotepe where four students were killed during a clash with national guardsmen and unidentified civilian gunmen, said by the opposition to be supporters of the Somoza regime. As a result of the student deaths, violence flared up for several days in San Marcos, Masaya, Jinotepe and other places.

Anti-government protestors, mainly students, fought armed soldiers with guns, rocks and home-made bombs. In a dozen towns and cities, students ignited hundreds of home-made explosive devices that caused some damage but no apparent casualties. Gunmen robbed a bank in the city of Leon, a stronghold of Somoza's Liberal Party, and another bank was attacked in Matagalpa.

The bank attacks were presumably carried out by the left-wing Sandinista Liberation Front, an anti-government organisation that has robbed banks in the past in order to fund its activities.

This latest burst of violence, coming on the heels of a general strike and other serious disturbances earlier this year, did little to reassure anyone about the future of this country of 2.3m. Confidence in the Somoza government and the ailing economy is at a low ebb.

More private capital left the country last year than is normal, foreign reserves fell and the government continued to log a budgetary deficit and an increasing external debt. Although the GNP grew by 5.5 per cent in real terms last year, observers are predicting minimal or zero growth for 1978. There is a lack of liquidity in the banking system and bankers are holding back on any new major investment credits.

Since last January, Nicaraguans have been in the grip of violence and political tension on a scale unparalleled in recent decades. A major outburst of anti-government feeling was sparked six months ago after gunmen killed Sr. Pedro Joaquin Chamorro, editor of the Managua daily La Prensa and the country's most visible opponent of the Somoza regime. Although the government denied any involvement in the Chamorro killing and pledged to bring his murderers to justice, opponents of the general held his administration responsible.

Following Sr. Chamorro's funeral, anti-government riots broke out in the capital and a general strike was called on January 24. The two-week strike was supported by unions, employers, private sector groups, the Church and represented a serious challenge to the Somoza government.

Since then some people have been killed or injured in confrontations between the National Guard (Nicaragua's only military force), students and armed civilians.

Opposition to the Somoza government now can count on varying degrees of support from a variety of fronts: traditional opposition politicians, the Sandinista guerrillas, students, members of the business community (including some on the president's Right), and the church. The professed goal of these assorted opposition forces is an end to the Somoza family's long-standing control of the Nicaraguan government.

Under current legislation, a new chief executive for Nicaragua is to be elected in 1980, and President Somoza's term of office expires the following year. The president is prohibited by law from succeeding himself.

The question now, however, is whether the general will be able to maintain his grip on the presidency in the face of widespread opposition, hostility and frequent acts of violence caused by students and guerrillas.

In a recent interview with the Financial Times, President Somoza indicated that he would remain in office despite opposition and would work for the victory of his party's presidential candidate in the forthcoming elections. He said that any democratically-minded parties would be allowed to participate in the campaign.

Up to now, the two principal parties in Nicaragua have been the Liberals, dominated by Gen. Somoza, and the conservatives in the opposition. For the 1980 elections, however, it is expected that Socialists, Social Christians, Communist and other parties will join the campaign to oppose the liberal candidate.

The President shrugged off the recent episodes of violence by asserting that political violence exists all over the world. He said the last wave of rioting was primarily the work of "irresponsible youth," some of whom are below high school age.

Far from being part of an overall opposition strategy to unseat the president, last week's series of riots were the result of confrontations between anti-government protestors, police and agents provocateurs. The dilemma of the Nicaraguan opposition is that apart from its desire to remove General Somoza, it has no clear government programme and no strong leaders.

The Conservative Party, the best organised opposition force, is split into four wings. The Socialists and Social Christians also have competing factions within their parties. Even the Sandinistas, who have concentrated their activities on attacking military buildings and attacking banks, are fragmented into three groups. Other opposition groups exist but so far none has been capable of producing a compelling leader or pulling together a unified opposition front.

But despite their varying degrees of political sophistication, the opposition in Nicaragua still has far to go. First, they must recognise the reality that the National Guard, an essential force to be reckoned with by any would-be government, stands firmly behind President Somoza. It has shown no signs of dissent and no inclination to follow anyone other than General Somoza.

Secondly, except for groups advocating an immediate, violent overthrow of the Government, no other opposition forces have developed a clear plan of attack. One political commentator in Nicaragua said: "The opposition no matter whom we're talking about has no alternative leader to challenge Somoza and no one to replace him if he were gone. If for some reason Somoza were to disappear tomorrow the opposition here wouldn't know where to begin. We'd have the classic example of a vacuum of power."

President Somoza has repeatedly stated that he will remain in office until his term ends in 1981. Barring natural death or assassination, the most likely possibility at this time is that he will "tough it out" and support a Liberal presidential candidate loyal to him.

Although many questions were raised about General Somoza's health after a heart attack last year, he has apparently recovered well. He is carrying out his normal presidential duties and during a recent conversation appeared slim, healthy and relaxed.

A LEADER of the Nicaraguan guerrilla movement has been killed in fighting in the north of the country, the movement's office in Havana said yesterday, Reuter reports. Sr. José Benito Escobar Perez, a founder member of the Sandinist National Liberation Front (FSLN), was killed during a battle on June 15. A communique from the FSLN office said the fighting had taken place at Esteli, 90 miles north of Managua, the capital. In Managua, troops were on patrol yesterday, an anti-government general strike having been called by a broad opposition front to which the guerrillas offer qualified support.

OVERSEAS NEWS

Rhodesians face tough budget

By Tony Hawkins

SALISBURY, July 19.

RHODESIA'S JOINT Finance Ministers, Mr. Ernest Bulle and Mr. David Smith are expected to present a tough budget in the Rhodesian House of Assembly tomorrow.

The Ministers will share the budget speech, with Mr. Bulle delivering the first half which usually encompasses the review of the economic situation and what has happened in the past year, while Mr. Smith will be left with the less popular task of announcing the expected tax changes.

A year ago the Treasury was forecasting a budget deficit for 1977-78 of Rh.$81m (£62m) but it now appears likely that the actual deficit for the year to June 30, 1978 was nearer Rh.$150m (£115m).

With State spending expected to rise sharply again in the 1978-1979 fiscal year, due to the rising cost of the war, the need to counter economic sanctions and the recent pay award to civil servants, the Treasury faces a significantly larger deficit in the current year—especially since revenue appears to be falling.

Tax receipts for 1978 are likely to be well below estimate—especially in the case of sales and company taxes—and unless there is some increase in taxation, the deficit is likely to reach unmanageably high levels.

The Ministers are in a tough situation with little room for manoeuvre. There is no possibility of increasing sales tax from its present 15 per cent, leaving only income and company taxes or taxes on drink and tobacco as alternative means of raising extra revenue.

The state of the economy and of white morale would seem to rule out large increases in tax on these items so the government will have to accept a combination of small rises in taxes, with a higher domestic borrowing requirement.

Meanwhile, Bishop Abel Muzorewa's United African National Council today sharply attacked Mr. Smith for "pointing a finger" at the black members of the transitional government's failure to defuse the guerrilla war. The UNAC said white "intransigence" over the repeal of racial discrimination had contributed towards the transitional government's difficulties.

China proposes talks with Vietnam over refugees

BY JOHN HOFFMANN

PEKING, July 19.

THE CHINESE Government has proposed Ministerial talks with Vietnam in an attempt to break the stalemate over the repatriation of Chinese nationals from Vietnam.

The proposal was made in a note delivered today to the Vietnamese Foreign Ministry. The note suggested that Vice Foreign Ministers of both countries should meet in Hanoi or Peking next month to "hold negotiations on the question of the Chinese nationals residing in Vietnam."

However, the note was far from conciliatory. It repeated China's accusations that Vietnam has deliberately placed obstacles in the way of China's plan to take Chinese refugees from Vietnamese ports by ship.

"The Chinese embassy in Vietnam has held 17 meetings with the department concerned of the Vietnamese Foreign Ministry, but no progress has been made so far," the note said. "The two ships China has sent to Haiphong port and Ho Chi Minh port for shipping Chinese nationals, have been compelled to stay on the sea outside the Vietnamese ports and it has been impossible for the work of shipping the Chinese nationals to start.

"Meanwhile, the Vietnamese side has continued its persecution and massive expulsion of Chinese nationals so that the number of victimised nationals driven back to China has approached 160,000."

Whether today's offer by the Chinese will affect the impasse in negotiations is questionable. The main discord in the talks so far has been semantic: a failure to agree on whether those leaving Vietnam are Chinese citizens or Vietnamese of Chinese origin. The rank of the negotiators is not likely to affect that quarrel.

● Taiwan will never negotiate with China, and this position will not change under any circumstances, a Taiwanese Foreign Ministry spokesman has said, Reuter reports from Taipei.

The spokesman, quoted by the Central News Agency, was commenting on statements by the leader of a recent U.S. Congressional mission to China, Mr. Lester Wolff, who said in Hong Kong that he believed that China may be willing to hold talks with Taiwan at some stage on settling their differences.

OAU SUMMIT MEETING

Enter the hopeful peacemaker

BY JOHN WORRALL

KHARTOUM, July 19.

PERHAPS the best thing that could happen to the divided and impotent Organisation of African Unity (OAU) is the passing of the chairmanship into the hands of the Sudan President, Jaafar Mohammed Nimairi, at this week's summit in Khartoum.

All observers believe that he has the ability, the will and the diplomatic skill to breathe new life into the OAU at a very critical time for Africa. Never very successfully hidden divisions are appearing as glaring cracks in the facade and foreign intervention by East and West is creating bitter dissension. There is one generation-old secessionist struggle (in Eritrea), which desperately needs to be resolved. Two states, Somalia and Ethiopia, have just emerged from a war which could easily erupt again.

The need for tougher action against the white south is the only issue that unites the states of the OAU, and even this issue receives diminishing attention the farther north one travels.

However, at a time when a conciliator in Africa is badly needed, President Nimairi could certainly fit the bill. His great reputation in Africa was built on his remarkable feat in bringing the Arab north of Sudan and the black south together after a disastrous 17 years civil war.

The South was persuaded to settle for regional autonomy instead of the independence it was fighting for, thus keeping the Sudan united. The leader of the Anya-Nya guerrilla group, Joseph Lagu, was taken into the Sudanese armed forces along with many of his men. General Lagu is now President of the high executive council of the South, having taken over from Abel Alier after the recent southern elections.

It was a remarkable exercise in the tribal, racial and personal reconciliation, which President Nimairi has actively fostered over the years. I was present at one of his visits to the south. It was a triumphant journey by an Arab among his African people, with flowers and cheers and embraces all the way. The Southerners were acknowledging that he had brought them peace after years of war, poverty and depression.

The ending of the civil war between north and south is now being matched by a reconciliation between Nimairi and the right-wing groups which tried to overthrow him in coup attempts in 1975 and 1976.

Observers here believe that reconciliation will mark Nimairi's OAU presidency. He has already sworn to visit all the states in the OAU, which in itself is a formidable task for a man who may well have problems to solve at home. He wants to achieve personal confrontations—and hopefully thus conciliation between leaders of warring groups and warring nations.

President Nimairi's chairmanship is likely to be significant in a continent where there is always uneasiness, if not hostility, between Arabs and Africans. He is the first Arab chairman of the OAU, thus providing a bridge between the two cultures, for which he had already laid the foundations in his own country.

Journalists' leader held in Karachi

The union leader of Pakistan's journalists was arrested yesterday within hours of launching a hunger strike over the military regime's moves against the press, Reuter reports from Karachi. Three other newsmen and a printer taking part in the planned rota hungerstrike were also held with Minhaj Barna, who is president of both the Federated Union of Journalists and the Newspaper Employees' Federation. They were demanding the reopening of the Karachi edition of Musawat, organ of the People's Party of condemned ex-premier Zulfikar Ali Bhutto.

Two close associates of Mr. Bhutto, who have been in jail since September, have failed in an attempt to have their detention declared illegal. A court ruled yesterday that the detention under martial law of Mr. Abdul Hafeez Pirzada, a former Finance Minister, and Mr. Mumtaz Ali Bhutto, a former Communications Minister, was not without lawful authority.

Krakatoa eruption

The island volcano Krakatoa, which has been billowing smoke for over a week, is now spewing out rocks and ash and is so hot it burns shoes, Reuter reports from Jakarta. The volcano near Java, Indonesia's main island, caused history's biggest recorded explosion when it erupted 95 years ago. Nearly 40,000 people died, including one woman as far away as Sri Lanka, and the explosion was heard 3,000 miles away.

Indonesians released

The Indonesian Government will release more than 700 Communist prisoners next week, said Gen. Yoga Sugama, national security chief, yesterday, Reuter reports from Jakarta. The move is part of the plan to free 10,000 Communist prisoners this year. A total of 715 prisoners will be released on July 26 in Bandung, West Java, 3,200 next month, 2,000 in October and 4,000 in December. Some 10,000 Communist prisoners were freed last year and 8,000 will be released next year. The prisoners, classified as hardcore Communists, were rounded up shortly after an abortive Communist coup in 1965.

Pretoria gassing

Pretoria's first multi-racial theatre audience was thrown into disarray by tear gas on Tuesday night during a performance of a sex comedy. The audience of 350—including only 10 blacks—fled coughing and spluttering from the Piet van der Walt theatre, reports Reuter from Pretoria. The newly formed extreme Right-wing National Front of South Africa said today its members were probably responsible for the tear gassing.

Narita protest

Left-wing radicals, opposed to Tokyo's new Narita international airport, disrupted rail services to the airport yesterday by placing concrete blocks across tracks and hanging car tyres from power cables, Reuter reports from Narita. Two empty passenger trains were stopped by the obstacles which were later removed, police said.

$15m to fight locusts

The Arab Bank for Economic Development in Africa agreed to make an emergency agricultural aid grant of $15m to 11 African countries suffering from locust plagues and other natural disasters, AP-DJ reports from Rome. The Food and Agriculture Organisation is to manage the grant for the Arab bank—the first time it has allowed a UN agency to control such a programme.

Saudi power order

The Mitsubishi Electric Corporation has received a Y6.4bn order from Saudi Arabia to help modernise electric power transmission and transformer facilities in Riyadh, Reuter reports from Tokyo. The order, placed by the Riyadh Electric Company, was in addition to a Y43.8bn contract won by Mitsubishi from the same firm in June last year.

Israel likely to discuss hand-over of El Arish

BY DAVID LENNON

TEL AVIV, July 19.

ISRAEL MAY soon consider a request by President Anwar Sadat to give Egypt civil administration of El Arish, the main town in Israeli occupied Sinai, the Foreign Ministry said today. It appears that the Egyptian president suggested this as a suitable gesture to help advance the peace talks when he met Mr. Ezer Weizman, the Israeli Defence Minister in Austria last week.

The possibility of such a transfer has not yet been discussed in Cabinet, but it is likely to be debated at one of the forthcoming meetings.

The recent personal attack on Mr. Menahem Begin, the Prime Minister, by President Sadat and other Egyptian officials, angered the Government. It was in protest against this vituperation that the Cabinet postponed discussion on this and other proposals made by the Egyptian leader to Mr. Weizman.

It was reported here that President Sadat said that if El Arish was returned to Egyptian civil administration, it would be called the "city of peace." He also said that leaders of other Arab states would go there to discuss a peace settlement with Israel.

During an angry Parliamentary debate Mr. Begin tore up a sheet of paper in a gesture of contempt for the idea of Israeli withdrawal from the Jordan West Bank. Waving the paper at Mr. Shimon Peres, the opposition leader, Mr. Begin declared: "Now this is a territorial compromise, one part for you and one part for me. Excuse me."

With that, Mr. Begin ripped the paper in two, sending the Knesset (Parliament) into uproar.

Mr. Peres, just back from the travels that took him to Austria for a meeting with President Sadat, had earlier attacked Mr. Begin's refusal to consider West Bank territorial compromise. He labelled the Begin policy "a receipe for isolation."

Mr. Begin however, did tell the Knesset that he was prepared to continue with the peace negotiations, despite the attacks on him. He said he would be willing to invite President Sadat to Jerusalem again, provided he was assured that the invitation would be accepted.

THE CRISIS IN LEBANON

Awaiting the next war

BY ROGER MATTHEWS, RECENTLY IN BEIRUT

AFTER EACH successive explosion of violence in Lebanon — such as the fighting earlier this month between the Syrian Army and the Christian militias in East Beirut — the warring factions of the moment follow a predictable course. They pull back from the brink, trade insults, make impossible demands, negotiate a limited form of disengagement and set about resupplying themselves with weapons and ammunition for the next outbreak of fighting.

Just when this will happen is a minor matter of dispute. But it's probably a matter of days and weeks, rather than months. Views differ as to whether the next round of hostilities will provide the definitive Lebanese blood-letting out of which a new order will emerge. There is a tendency to believe that Lebanon's final solution may have to await the outcome of the next Middle East war.

Such are the crude realities and calmly expressed assumptions that lie behind the at least temporarily withdrawn threat of President Elias Sarkis to resign, the current spate of accusations, the momentary whiffs of optimism and the ever-present political chicanery with which the leaderships of the Lebanon's different factions occupy themselves in between the fighting.

The five-day battering of Beirut's eastern Christian suburbs by the Syrian army this month again focuses attention sharply on the intentions of President Hafez al-Assad in Damascus. With more than 35,000 men on the ground in Lebanon, Mr. Assad is accused by the two main Christian factions, the Phalangists of Mr. Pierre Gemayel and the National Liberal Party of Mr. Camille Chamoun, of changing the Syrian army's role from that of the backbone of the Arab Deterrent Force into that of an occupation force. Mr. Bashir Gemayel, son of Pierre and overall commander of the Christian militias, described the Syrian bombardment of eastern Beirut as "attempted genocide" and insisted on "the immediate withdrawal of all occupation forces from our regions."

He added: "The objective of the Syrians was to bring Beirut to its knees. By doing that they hoped to bring all of Christian Lebanon to its knees. This was what they were after, but they failed."

The official Syrian media was hardly less emphatic. "The Phalangists and Liberals are fighting against Lebanon by attacking it from within. They have decided to raise the black flag of hatred and to unleash a river of blood." The Syrians then insisted that the Christian militias should disarm themselves and warned: "Arab Syria's actions spring from our national interests, and such a starting point cannot but yield unity and victory."

Events in Lebanon make Syria suspicious that Lebanon's Christians may eventually settle for a separate mini-state.

And that is at the nub of Syrian policy—the fear that Lebanon's instability will prove contagious and threaten the regime in Damascus. President Assad is determined, as he has proved, to try to prevent any one faction in Lebanon from becoming dominant or achieving sufficient strength to force a de facto partition of the country.

Despite regular denials from the Christians, events in Lebanon this year have sharply increased Syrian suspicions that if the Phalangists and Liberals cannot regain their pre-civil war political dominance they would settle instead for a separate mini-state. The Israeli invasion of southern Lebanon and the subsequent handover of territory to Christian militias instead of to the United Nations troops was one important factor. Another was the continuing flow of Israeli arms to the Christians in southern and northern Lebanon. The third is the demonstrated willingness of Israel to threaten renewed military intervention in Lebanon. It might be a bluff but it is not one the Syrians really wish to call. President Assad's military options are therefore limited, as the Israelis intend them to be.

The Syrians are taking small but regular casualties in the outbreaks of fighting and senior commanders had to suffer this month the boastings of the Christian militias who claimed a moral victory when hostilities ceased soon after Israeli jets made their alarming appearance over Beirut. The Israelis say they will not stand idly by and see the Christian population "massacred." The Syrians cannot allow the Christians to come out on top, any more than they were initially prepared to allow the Palestinians, when they and their leftwing Lebanese allies appeared to be gaining the upper hand during the civil war. But while extra Syrian troops and artillery units have been brought up closer to Beirut in readiness for a sudden flare-up of fighting, Mr. Assad appears also to be engaged in longer-term political manoeuvring that is aimed at isolating the Phalangists and Liberals from other forces within the country.

A slight change in focus might also bring the interpretation that this political activity is designed to create a pro-Syrian Christian-Moslem front that would for a variety of reasons be prepared to challenge the ambitions of the Phalangist and Liberal militias. Former President Suleiman Franjieh, himself a Maronite Christian, was host at a lunch last weekend for a delegation of leftist parties headed by Mr. Walid Jumblat of the Progressive Socialist Party. Mr. Jumblat succeeded to the leadership of the party after his father, Kamal, was assassinated in March last year. It was the first time that he had agreed to sit down with Mr. Franjieh. It must further be remembered that on the night of June 13 Mr. Franjieh's eldest son, Tony, together with his wife, child and 30 supporters were murdered when Phalangist militias attacked their home in the village of Ehden. The Franjieh family have for many years been close friends of the Assad family in Syria, and Tony Franjieh had struck up a close friendship with the powerful Rifat al-Assad, the President's brother.

President Sarkis meanwhile continues his lonely and probably impossible task of trying to find the basis whereby the legitimate authority of Lebanon can reassert itself through negotiation. He talks bravely about the formation of a Lebanese army and even the resumption of conscription. He tries to defuse the most immediate areas of tension, negotiates with the Syrians, and, as his resignation threat showed, has a hand almost totally bereft of playable cards. "We will continue to be faced with the danger of chaos," the President warned at the weekend, "if the nation does not rally round the state in its efforts to establish security and unity." The rejoinder that could be heard was simple and probably accurate. "How can the nation rally round the state when the state as such no longer exists?"

WHAT THE HELL IS AN ADVERTISING AGENCY FOR?

According to a recently published survey, most advertisers don't know.

Fifty clients, responsible for 103 advertising accounts, put 'creativity' as an agency's most important quality.

They also ranked JWT as the leading "main creative agency." CDP was a close second and Saatchi & Saatchi Garland-Compton third.

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The same respondents also voted JWT "top agency," defined as a mixture of size, creativity and overall capability.

BUT: 78 per cent of these respondents "thought that advertising's key function was to accomplish other tasks than selling." And the first conclusion of the author of the report was "Advertising is not primarily expected to sell."

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We came top, according to this particular survey, on what advertisers believe to be most important in an agency. But we totally disagree with most of those advertisers' views about advertising.

Of the fifty clients interviewed, just *one* defined creativity as advertising that works.

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We've got more information than anyone else about how advertising works – in both the short and long term – and what can happen to the profits of a company when that advertising stops.

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We wouldn't get on at all.

Our thanks to Wood, Brigdale and Company Ltd., Advertising, for their permission to quote from the survey conducted on their behalf by Davis Ives Associates Ltd.

Further copies of the report can be obtained from: John W. Wood, Wood, Brigdale and Company Ltd., Kent House, Market Place, London W1N 7AJ. Tel: 01-636 3152.

☐ I was the one advertiser in fifty who defined creativity as advertising that worked. I would like you to tell me why I was right.

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JWT

WORLD TRADE NEWS

Varley leaves for talks on airliner development

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DECISIONS on possible collaboration on future aircraft programmes between the UK and West European aerospace industries are still some way off, and Mr. Eric Varley, Secretary for Industry, is not expected to clinch any deals during his visit to Paris and Bonn which starts today.

The primary aim of his mission remains exploratory, to discover precisely what the attitudes of the French and West German Governments are, especially in the light of the recent decision to go ahead with the B-10 version of the A-300 European Airbus, and Boeing's decision in the U.S. to launch the rival twin-jet 767 aircraft.

In particular, the UK would like to have some clarification of this week's statement by the French Transport Minister that there will be no role for the UK in development and production of the B-10 without an order from British Airways.

This runs counter to the basis of previous discussions, which is that the European industries have sought UK participation both to help to defray development costs and form a united front against U.S. penetration of European markets.

A possible order from British Airways has always been considered as a bonus stemming from UK participation in European programmes, and not as a prior condition for agreeing to such collaboration.

The French Minister's statement that the UK cannot have it both ways — allowing British Airways to buy Boeing 737s and have a share of the B-10 venture — has puzzled Whitehall, because the two aircraft are so widely different in type and time scale.

The 737 is an existing short-haul 130-seat twin-jet, bought by British Airways for the immediate replacement of ageing Trident Ones and Twos up to 1980. That deal has no direct influence whatever on British Airways' longer-term choice for a bigger 160-200 seater to replace Trident Threes in the mid-1980s.

British Airways makes it clear that it is wide open on the latter choice. It is studying everything — B-10s, Boeing 767s, and other possible candidates such as McDonnell Douglas Advanced Technology Medium Range (ATMR) transports, as well as proposed new versions of the Lockheed TriStar, together with whatever may emerge from the proposed Joint European Transport (JET) programme.

The airline does not expect to be ready to make a decision on a bigger aircraft for at least another year or so. It does not need to, because most of its needs for some time to come can still be met by Trident Threes, or by the Lockheed TriStars in its fleet.

The French Minister's statement, therefore, seems to Whitehall to smack of an ultimatum that the UK is not likely to accept. It is argued that the UK would bring a substantial cash dowry to Airbus Industrie if it joined in the B-10 programme, and that British Airways must be left to make up its own mind as to which aircraft it wants for the future.

The biggest problem still facing the UK in settling which way it goes in future aircraft development is the future of Rolls-Royce.

While it is claimed by Airbus Industrie that the Rolls-Royce RB-211 could be offered in the B-10, there is no future for the UK engine company in the present designs for the Joint European Transport, and Rolls itself is pinning its hopes for its new Dash 535 version of the RB-211 engine on the proposed Boeing 757 twin-jet airliner.

Even if the UK does accept some role in Europe, for example on the B-10, and in the airframe side of the JET programme, the Government will still have to consider financing the Dash 535 engine for the 757 aircraft, if Rolls-Royce is not to miss the chance of big markets in the future.

This, however logical it might seem to the UK, would still appear to the Europeans to be trying to ride both horses at once, and would not be likely to satisfy them. They would argue that the JET is likely to be competitive with the 757 anyway.

The entire situation on future collaboration, therefore, remains highly uncertain. Mr. Varley is as concerned as anyone else to try to clarify these issues before the UK Government can commit itself irrevocably to either West European or U.S. aerospace collaboration for the rest of this century.

Links with China could develop

BY COLINA MacDOUGALL

A MISSION of about 20 from the 48 Group, an association of British traders who deal with China, is to visit Peking and other Chinese cities in March next year for business discussions, Mr. Jack Perry, chairman of the 48 Group's importers' committee, has announced.

It is proposed that the mission should include service sectors like banking, shipping and dock clearance as well as trade. Companies which are not yet members of the 48 Group may be invited to participate if they can offer experience which is not already represented on the mission.

On trade development generally, Mr. Perry, who, as chairman of the London Export Corporation, is an experienced China trader, said that six months ago the Bank of China had hinted that the main new feature of financing trade would be suppliers credit. He added that in his view Peking was probably planning for an annual deficit on trade, perhaps for as long as ten years.

The most likely development was the formation of consortia by a combination of European, Canadian and perhaps Japanese banks providing substantial bank loans repayable over five to 10 years. In addition, certain European banks would be designated to provide cash payments to suppliers on behalf of the Chinese authorities, who are expected to get a very favourable rate of interest.

Last April, Mr. Perry said, the 48 Group had a successful meeting in Peking with the director of China's export bureau at which frank discussions were held. The British side pointed out, among other problems, the deterioration of quality in the last few years and the long payment delays in meeting legitimate claims. In reply, the Chinese Vice-Minister of Trade, Mr. Chen To-Pin assured his hearers that these problems would soon be put right.

On the financing of trade, the Vice-Minister indicated that new arrangements with foreign banks were under consideration, but re-affirmed that China would not accept foreign investment or government loans. However, it was reviewing the possibility of buy-back arrangements and licensing, leasing and consultancy agreements.

● Mitsui Trust and Banking President, Mr. Senkichi Shono says China is likely to seek large private Japanese loans in a year or two because it plans to expand its present 10-year modernisation programme, Reuter reports from Tokyo.

He told a press conference on his return from a visit to China with a Mitsui industrial group team that Chinese Deputy Premier Li Hsiem-Nien said China is ready to accept private loans.

Mr. Shono said he believed China classes the Japanese Export-Import Bank as being among private Japanese financial institutions.

Brewing of Guinness in Japan planned

BY ROBERT WOOD — TOKYO, July 19.

JAPAN'S Sapporo Breweries hopes to begin brewing Guinness stout in about 1980, making Guinness the first foreign beer brewed in Japan, a Sapporo official said today.

Guinness sales in Japan rose spectacularly in 1976 and 1977, but have levelled off this year at least partially because of a price increase from Y230 to Y250 a bottle.

A Sapporo official said that the export price of Guinness in pounds had risen 182 per cent since the last major increase in the Japanese retail price in 1975, more than cancelling the rise in the value of the yen over the same period.

Increases in the export price of Guinness have also removed any incentive that the yen's rise might have created to continue importing Guinness rather than brewing it locally.

Sapporo had long planned to begin local brewing when demand reached 150,000 cases a year. Some 87,000 cases were imported in the first six months of this year, so demand has reached the target level.

Kirin Japan's leading brewer and Guinness's main competitor, has generally held a slightly larger share of the Japanese stout market than Guinness.

Guinness stout is the top imported beer in Japan and also the only one sold in deposit bottles. The bottles are produced in Britain especialy for export to Japan, and then refilled with Sapporo lager beer and relabelled after Guinness-drinkers return them.

Guinness sales doubled in 1977, but despite a rapid increase recently for all types of imported and dark beers, the standard lager brews of the four Japanese brewers still account for more than 99 per cent of Japanese beer sales.

A Sapporo official said stout is just 0.01 per cent of the beer market and "it will be a long time before it reaches 1 per cent."

The main problem delaying local brewing of Guinness now is lack of space in Sapporo's breweries. That will be resolved with the opening of a new Sapporo brewery, the company's 11th, in Shizuoka in 1980.

Canada textile industry ready to defend itself

BY VICTOR MACKIE — OTTAWA, July 18.

THE TEXTILE and clothing industries of Quebec, under attack for their vulnerability to foreign competition, have come back with a claim that they can supply Canada with 140,000 new jobs by the mid-1980s.

The industries currently employ about 200,000 directly and about 350,000 in related industries according to Mr. J. I. Armstrong, president of the Canadian Textile Institute.

CTI is Quebec's largest manufacturing employer — 60 per cent of the industries' employees work in Quebec but are protected from low-cost imported goods by government quotas and tariffs.

Economists say they are destined to be wiped out by imports from countries like Taiwan and South Korea.

In a report to the Federal Government made public today, a 31-member study group of management and union representatives called on Ottawa to maintain tariffs and other barriers against imports to help reverse the decline in Canadian textile and clothing production.

The group urged Ottawa to provide a number of other incentives to help make Canadian products more competitive with imports from low-wage countries.

The report emphasised the cost in human terms of a gradual phasing out of the needle trades as some earlier studies have suggested, and questioned whether workers would be willing to move to other industries.

"I am tired of hearing about high technology jobs for which the textile and apparel workers will be retrained," study group member Daniel Taran, said at a press conference. "If they do exist, and they can be created, create them first," said Mr. Taran, who is President of Consolidated Textiles of Montreal. He urged the Government not to destroy an employment opportunity before creating new ones.

Taiwan U.S. mission

A Taiwanese buying mission now in Washington has concluded contracts worth $770m says Mr. H. K. Shao, leader of the group.

The group, which has visited most major U.S. cities, has agreed to buy $418m of power generating and distribution equipment, $167m of raw cotton, $71m of corn, $39m of soyabeans, $26m of oil drilling and refining equipment and $23m of wheat, reports AP-DJ from Washington

U.S. to stop Eximbank loan to Argentina

The U.S. State Department is blocking an Export-Import Bank loan to Argentina for 20 large turbines and other equipment for a major hydroelectric power project, because of a Carter Administration decision that Argentina has not done enough to improve the status of human rights in that country, reports AP-DJ from Washington.

Mr. John Moore, president of Eximbank notified Allis-Chalmers that the U.S. Export Credit Agency had decided against issuing a "letter-of-interest" to help finance the sale of about $270m in U.S. equipment for the hydroelectric power project on the Parana River between Argentina and southern Paraguay.

Brazil agrees oil-car swap with Algeria

Volkswagen's Brazilian subsidiary, Volkswagen do Brasil, has obtained an order for 24,000 vehicles from the Algerian state agency Sonacome, a VW spokesman said.

In return, Algeria will provide crude oil worth $62m to the Brazilian Government, which will then pay Volkswagen do Brasil cash, reports Reuter from Frankfurt.

USSR proposes Japanese pact

Soviet Vice Foreign Trade Minister Mr. Yuri Leonidovich Brezhnev has proposed that Japan and the Soviet Union conclude a long-term trade agreement to strengthen their economic relations, according to Japanese officials.

Mr. Brezhnev, the son of the Communist Party leader, Mr. Leonid Brezhnev, made the proposal when he paid a coursey call on Mr. Toshio Komoto the Japanese Minister of International Trade and Industry, reports AP-DJ from Tokyo.

MITI sources said the Soviet Union might want to conclude "an economic co-operation agreement" with Japan like that which it concluded with West Germany last May.

Japan-Soviet two-way trade totalled about $3.3m last year.

Kenya credit rules

KENYA'S CENTRAL Bank has announced new credit restrictions, and commercial banks operating in Kenya have been told to cut the volume of their lending by 10 per cent, the Bank's governor, Mr. Duncan Ndegwa, has announced in Nairobi.

He said the measures were necessary to cut the volume of money in circulation, which rose by 37 per cent last year, because Kenya faced heavy import bills this year.

The country will have to import 60,000 tons of sugar to supplement local production, and 30,000 tons of wheat, because the local wheat crop has largely failed this year.

Mr. Ndegwa said banks had been instructed to restrict their lending outside the priority sectors of agriculture, manufacturing and tourism.

£3m order for Davy

GEC Electrical Projects has received from Davy Powergas an order valued at over £3m for the design, engineering, supply and delivery of electrical equipment for use in two methanol plants to be constructed in the USSR.

The sites for the twin plants, each of which will be capable of producing 2,500 tonnes per day, are at Gubaha in the foothills of the Ural Mountains, and at Tomsk in Siberia.

The plants will be the largest of their kind in the world, and between them will make available to USSR 20 per cent of the world's total production of methanol. Half of the output is expected to be used for making formaldehyde for the building industry and the remainder will probably be used for solvents, fibres, anti-freeze, explosives, herbicides, insecticides and protein manufacture.

GEC Electrical Projects is responsible for the design, engineering and co-ordination of the electrical package which includes distribution and control equipment.

W. German rail loan

West Germany and Kenya have signed an agreement under which West Germany will finance the purchase of eight new diesel locomotives for Kenya Railways with a DM 13.7m soft loan.

The West German Government is offering to finance new equipment for Kenya Railways for the first time. Other loans for telecommunications equipment and rolling stock are expected soon.

The new loan is payable over thirty years, with a ten year grace period, bearing interest at two per cent.

Yugoslav Burma loan

Yugoslavia has agreed to provide a $70m loan to help build Burma's first copper smelting plant, reports Reuter from Rangoon.

The funds will be repayable at four per cent over 15 years after a four year grace period. The Burmese Government is also drawing up plans to set up a copper refinery, possibly with Yugoslav co-operation.

Daimler-Benz order

Daimler-Benz has won a DM 19m order to supply 100 buses to Zambia. The contract also provides for training Zambian mechanics and equipping workshops to maintain the buses, reports AP-DJ from Stuttgart.

Further decline in British-GDR trade

BY LESLIE COLLIT — BERLIN, July 19.

THE TRADE GAP between East Germany and the UK widened in the first six months of this year, with imports by the German Democratic Republic falling to £26.9m and UK imports amounting to £43m. Total trade with East Germany, at £69.9m, represented a drop compared with trade in the first half of last year, which was worth £73.9m.

British traders complain about a lack of any important East German orders which could boost mutual trade and they are reported to be increasingly reluctant to even bid on East German projects because of the apparently poor prospects they see.

A recent blow to British hopes of boosting trade with the GDR came last month when Citroen was awarded a contract over GKN worth £190m to build a plant in East Germany to produce front-wheel-drive transmissions. The transmissions are for a new East German car yet to be built and for export to Czechoslovakia. The GKN offer is said to have lost out because of the large number of transmissions Citroen guaranteed to buy back from the GDR in payment for the plant.

Dutch tachograph row

BY OUR OWN CORRESPONDENT — AMSTERDAM, July 19.

THE TACHOGRAPH, officially introduced in Dutch lorries from April this year after fierce initial resistance from both employers and drivers, is still causing problems.

The Government's Commission for Transport Licences (CVV) in The Hague has banned four international lorry companies from driving for the last two weeks of August.

All were found guilty of improperly using the tachograph, which measures driving hours to make sure they do not exceed the legal maximum, and of some other irregularities in the payment of wages.

The move, which is regarded as a very severe one, is thought to have been designed to frighten the many other lorry companies where the tachograph rules are not properly adhered to. The companies punished employed over a hundred people, mostly drivers.

It is understood that the CVV Commission, which is linked to the Dutch Transport Ministry, has been told that the tachograph rules are not adhered to in over 200 lorry-operating companies all international firms. There are no problems with companies operating nationally.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output, engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1977							
1st qtr.	103.2	105.3	109	103.3	216.4	1,330	na
2nd qtr.	101.9	103.0	106	102.5	222.0	1,330	163
3rd qtr.	102.8	103.8	106	104.3	234.2	1,418	151
4th qtr.	102.3	103.3	107	104.4	239.4	1,431	157
1978							
1st qtr.	103.3	104.2	109	106.3	246.0	1,409	188
Jan.	102.9	103.6	106	104.9	241.0	1,419	180
Feb.	103.6	104.1	118	106.8	246.5	1,409	187
March	103.4	104.8	103	107.0	249.8	1,400	196
April	103.9	106.6		108.7	250.3	1,387	204
May	105.9	104.5		108.4	255.3	1,366	210
June				109.0		1,365	217
July						1,371	211

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
1st qtr.	115.9	99.4	106.1	100.4	83.9	104.4	19.9
2nd qtr.	113.4	97.5	105.2	98.8	80.5	100.2	25.1
3rd qtr.	115.1	98.0	104.7	99.6	83.3	100.7	23.4
4th qtr.	117.2	97.5	101.9	99.1	74.8	100.0	20.7
Dec.	118.0	98.0	102.0	100.0	79.0	101.0	16.1
1978							
1st qtr.	116.9	99.2	104.9	100.7	76.8	99.7	17.8
Jan.	116.0	99.0	104.0	100.0	75.0	99.0	17.4
Feb.	117.0	99.0	106.0	100.0	78.0	100.0	15.3
March	118.0	100.0	104.0	101.0	78.0	100.0	20.6
April	119.0	100.0	109.0	102.0	85.0	105.0	25.4
May	117.0	99.0	106.0	101.0	85.0	99.0	24.9

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
1st qtr.	115.7	109.1	−947	−493	−800	99.0	10.5
2nd qtr.	118.0	109.8	−794	−365	−745	100.3	14.9
3rd qtr.	124.1	106.4	+ 54	+357	−692	101.0	13.4
4th qtr.	117.9	102.6	+ 45	+486	−657	102.4	20.39
1978							
1st qtr.	120.3	114.3	−574	−305	−646	105.1	20.63
Jan.	112.2	114.6	−338	−248	−234	105.5	20.87
Feb.	127.4	111.3	+ 43	+132	−203	104.8	20.7
March	121.4	113.9	−279	−189	−209	104.8	20.32
April	126.1	104.3	+138	+308	−151	104.0	17.04
May	120.1	114.3	−218	− 98	−156	105.1	16.66
June	122.1	112.0	−106	+ 14	−117	104.1	16.54

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
1st qtr.	1.3	− 8.8	5.3	− 74	492	1,008	10½
2nd qtr.	24.8	14.9	5.5	+769	1,290	1,047	8
3rd qtr.	28.0	10.4	20.3	+365	1,034	1,149	7
4th qtr.	25.1	12.6	8.3	+698	1,565	1,189	7
1978							
1st qtr.	25.1	24.2	17.5	+1,819	1,049	1,260	6½
Jan.	23.2	17.3	13.4	258	388	429	6½
Feb.	26.8	25.5	18.0	963	353	418	6½
March	25.1	24.2	17.5	598	308	413	6½
April	19.1	24.7	13.1	1,437	335	463	7
May	13.2	15.6	18.8	1,096	212	471	9
June					147		10

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100)

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
1st qtr.	112.5	341.5	248.0	174.1	184.7	276.4	61.8
2nd qtr.	114.5	347.7	259.2	181.9	191.1	250.0	61.6
3rd qtr.	116.1	340.5	267.7	184.7	192.1	239.9	61.8
4th qtr.	119.9	330.6	272.1	187.4	193.3	234.20	63.3
1978							
1st qtr.	123.1	326.7	279.0	190.6	197.3	238.61	64.6
Jan.	121.5	324.9	277.1	189.5	196.1	226.41	66.0
Feb.	122.7	324.2	279.2	190.6	197.3	224.86	66.0
March	125.0	331.0	280.6	191.8	198.4	238.61	64.1
April	127.2	337.4	282.7	194.6	201.6	238.94	61.8
May	129.3	341.5	284.6	195.7	203.2	250.67	61.5
June		342.9	286.2	197.2	206.7	242.27	61.5

* Not seasonally adjusted.

British-made TVs increase market share

BY JOHN LLOYD

BRITISH television manufacturers substantially increased their share of the UK market, while imports dropped over the first five months of this year.

Deliveries to UK distributors of colour television sets in this period totalled 635,000, of which 516,000—81 per cent—were British made.

This compares with a total of 580,000 in the same period last year, of which 446,000 were British made.

Imports of colour televisions dropped from 134,000 in the January to May period of 1977 to 119,000 now.

The picture is similarly buoyant for black and white sets. Deliveries in the first five months totalled 433,000, of which 263,000 sets were manufactured in the UK. This compares with 424,000 last year, of which 170,000 were domestically made.

Monochrome TV imports dropped from [illegible] in the January to May period last year to 170,000 now.

Major factors behind the much-improved performance of British TV manufacturers are quotas on monochrome sets from Taiwan and South Korea, and the fact that imports were unusually high in both categories in the first half of last year.

The operation of the quotas meant that some 60,000 fewer black and white sets were imported from the Far East in the first five months of this year, while 15,000 fewer colour sets came from the Far East in the same period.

However, imports from the major supplier in the area, Japan, rose again in May.

In other areas, fortunes were more mixed. Domestic audio equipment incorporating radios were up from 978,000 over the first five months of last year to 1,050,000 in the same period this year, and domestically-made equipment increased from 136,000 to 161,000 in that period.

However, portable radios declined from 2.1m to 1.6m in that period, with UK-made portables down from 174,000 to 91,000.

Record players and record decks deliveries also declined sharply, from 210,000 last year to 136,000 in the first five months of 1978, while the UK share dropped from 91,000 to 81,000.

By far the sharpest drop has been in the tape recorder and tape deck market, where imported deliveries—there are no domestic deliveries—dropped from 839,000 in the first five months last year to 350,000 over the same period this year.

Expansion plans for coal may be hit

Financial Times Reporter

THE DISPUTE between the National Coal Board and the Central Electricity Generating Board now shows signs of affecting the Coal Board's expansion plans.

Earlier this month, the generating board's corporate plan showed that it assumed a level of coal burn of around 70m tons annually by 1985 compared with the Coal Board's estimate of 80m.

During an inquiry yesterday into an application by the Coal Board to extract 238,000 tons of power station coal from a 175-acre open-cast site at Amerswood near Wigan, Mr. Denis McBride, a planning officer with the Greater Manchester County Council, said that the two authorities' plans appeared to conflict.

"It would seem that the CEGB would not be unduly concerned if the NCB target is not achieved and, quite apart from this, they are likely to burn substantially less coal than anticipated by the NCB because of the relative pricing of coal and oil," he declared.

Coal at present shows about a 10 per cent price advantage over oil, and the Generating Board thinks that advantage—which barely compensates for the greater ease of use of oil—will not change substantially over the next decade.

Growth of controls criticised by drug companies

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE PHARMACEUTICAL industry has renewed its attack on the Government over the increase of legislation controlling its affairs.

The association of the British Pharmaceutical Industry says in its annual report, published today, that concern is increasing over the continuing stream of subsidiary legislation being introduced under the 1968 Medicines Act.

Compliance with the regulations was taking up a "considerable amount of time and money which could well be put to better use without in any way prejudicing public safety."

Mr. Frank Goulding, president of the association and managing director of Pfizer, says in the report that unnecessary barriers to research and the development of new medicines must not be created.

Legislation was necessary in many areas of health care, but there was a danger "that legislation and regulations, whether national or international, become self-perpetuating and the pendulum can swing too far so that instead of protecting and assisting patients and consumers, the opposite effect is achieved. Legislation then becomes detrimental rather than beneficial."

Total expediture on research and development by the drug industry in the UK amounted to about £150m last year. This was expected to rise to about £190m in the next two years.

Output from the drug industry had increased by 57 per cent since 1970, compared with 28 per cent for the general chemical industry and 3 per cent for manufacturing industry as a whole.

The association estimated that drug companies were now spending about £70m a year on capital investment projects in the UK.

Overseas, Imperial Chemical Industries was spending $25m to expand its pharmaceutical research facilities at Wilmington in the U.S. ICI was seeking entry into U.S. scientific and medical research circles to strengthen its ability to develop new drugs.

Fewer war pensions paid

MORE THAN 396,000 people were receiving payments under the War Pensions Scheme at the end of last year, and payments during the year totalled £283m, says the Department of Health and Social Security's report on war pensioners.

The number of pensions paid fell during the year. By the end of 1977, there were fewer than 57,000 pensioners from the 1914-18 war, and, from the last world war and later, nearly 298,000. War pensions and allowances were increased last autumn in line with higher social security benefits.

"Report on War Pensioners," 1977, SO, £1.50.

Industry attracting more graduates

By Michael Dixon, Education Correspondent

A RISE in the proportion of new university graduates going into manufacturing industry is shown by statistics published by the Association of Graduate Careers Advisory Services.

Of a record total of 60,066 men and women gaining bachelor-level degrees at UK universities last year, nearly 12 per cent entered manufacturing, compared with just over 10 per cent of the 1976 total of 57,246.

However, manufacturing industry recruited only 4.7 per cent of the 31,024 who took arts and social studies degrees, whereas 5.6 per cent of them went into chartered accountancy.

On the science side, 19.4 per cent of the 29,042 total entered manufacturing, while only 1.9 per cent chose chartered accountancy.

University Graduates 1977. Central Services Unit, Precinct House, Oxford Road, Manchester M13 9EP; 85p.

Occidental Oil finances wing

THE OCCIDENTAL Oil Consortium is to finance a new £100,000 wing for the Balfour Hospital in Kirkwall, Orkney.

Occidental operates the terminal at Flotta, which serves the Piper and Claymore oilfields in the North Sea.

Bamberg applies to fly cargoes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MR. HAROLD BAMBERG, who owned the former British Eagle passenger and cargo airline, is now seeking to start a new all-cargo airline, Bamberg International Sky Karriers (BISK).

The Civil Aviation Authority began a public hearing in London yesterday into Mr. Bamberg's application for rights to fly all-cargo services, against strong opposition from British Caledonian Airways.

Mr. V. Slight, British Caledonian's legal representative, told the hearing that two other cargo airlines had recently been licensed, Air Faisal and Scimitar Airlines. If the authority licensed a third it would be "demonstrating a total disregard for the future well-being of the cargo sector of the British air transport industry," he said.

"*They would also be risking* an excess in capacity which could bring about price cutting, aircraft under-utilisation and the forced withdrawal of some airlines, while investments of considerable sums in both the public and private sectors would be seriously jeopardised.

"Such a situation would betray much of the trust placed in the CAA by the users and providers of current air cargo services," said Mr. Slight.

British Caledonian's representative contended that the recent rush to apply for air cargo licences appeared to be a ploy to beat the Government-imposed ban on the registration of non-noise certificated aircraft after September 30 this year.

British Airways and Transmeridian Air Cargo have also objected to the Bamberg application.

Naval officer wins £25,000

A CHEQUE for £25,000 will be presented to a Royal Navy husband-and-wife team for their invention of the "Ski-Jump"—a take-off ramp to be fitted to Navy ships carrying Harrier aircraft. This is one of the largest ever made in Britain for a military invention, and will be presented by Dr. John Gilbert, Minister of State for Defence, tomorrow to Lt. Commander Doug Taylor.

Lt. Commander Taylor, 49, conceived and developed the "Ski-Jump" launching device for use initially with Sea Harrier VSTOL aircraft. It is essentially an upward-curving runway which at take off imparts an upwards semi-ballistic trajectory to the aircraft. It enables a larger weapon or fuel load to be carried, with a shorter deck run for take off. As an added bonus, the device introduces a significant safety margin.

The invention has been compared with other great British naval aviation advances, such as the angled deck, steam catapult and mirror landing sight. It will be fitted initially in ships of the Invincible class. But its use may be extended to land based or even commercial operations. The award of £25,000 is an interim one, in view of the as-yet unassessed benefits.

HOME CONTRACTS

Diesel engine test cells

AUTOSENSE EQUIPMENT INC, Bicester, Oxon, has won a £1.2m contract from Perkins Engines to provide 26 automated computer-controlled test cells for the production testing of the full range of Perkins diesel engines. Autosense Equipment, a subsidiary of United Technologies Corporation of the U.S., will act as project manager for engine test cells with responsibility for the supply, installation and commissioning of all the equipment involved in testing except the engine conveyor system and civil engineering. Work has already started on the test systems; all 26 test cells should be operational by mid-1979. Individual engine testing will be controlled from a remote console, with the sequence programmed by digital computer. The computer will provide a printed read-out describing the performance of each engine.

★

A contract valued at £389,581 has been awarded to ALEXANDER HALL AND SON (BUILDERS), a member company of Aberdeen Construction Group, for the construction of three warehouses, along with associated site works, for the Teesland Development Company at Woodside Road, Bridge of Don, Aberdeen.

★

A contract for £250,000 worth of transformers and swithboards for British Rail (Southern Region) has been received by BRENTFORD ELECTRIC, Crawley, Sussex (a member of the Low and Bonar Group). The equipment will be used as power supply for re-signalling the Victoria area.

★

BOVIS CONSTRUCTION is carrying out structural alterations at 164-182 Oxford Street, London, W.1, formerly the site of the Waring and Gillow store, under a £220,000 contract awarded by the United Kingdom Provident Institution. It calls for the completion of the work in ten weeks to form four shop units within the recently reconstructed building behind the familiar Waring and Gillow facade.

★

GUNTER BROTHERS, Northallerton, main transportation contractor, and I.T.M. (OFFSHORE), Middlesbrough, have joined forces to secure a £1m order for the transportation of 46 piperacks and their associated support equipment and pipework from the fabrication yards to Sullom Voe. Work has started and will continue throughout the year. The contract was awarded by Contractors John Brown, main contractor to B.P. Petroleum Developments, for the processing facilities of the Sullom Voe Terminal in the Shetlands.

★

A paint contract for the Murchison Field production platform which is to be sited 120 miles north east of the Shetlands has been awarded to MEBON, Sutton-in-Ashfield, Notts. It was placed by Conoco North Sea Inc., operator of the field for the Conoco/BNOC/Gulf Group, and could exceed £250,000.

★

ACALOR INTERNATIONAL, Crawley, Sussex, has a contract worth over £250,000 from the Directorate of Navy Contracts (Supplies) Procurement Executive, Ministry of Defence, Bath, for an electroplating and process plant for a new plating shop at R.N. Aircraft Yard, Fleetlands, Gosport.

★

FERRANTI INDUSTRIAL COMPONENTS GROUP, Dalkeith, has won a contract worth around £75,000 to supply complete encoding systems to Simon-Carves. The encoders are destined for tyre manufacturing plants situated in the USSR at Belaya Tserkov and Voronezh. The systems will be incorporated in production weighhead equipment supplied by Simon-Carves (a subsidiary of Simon Engineering) the main plant contractor, on behalf of Techmashimport.

★

ELECTRONIC CALCULUS has been awarded the consultancy contract for computerised analyses using specifically designed programs, for all the structural and design work done by Global Technical Services for the steel platform to be erected in the shallow waters of the Gorm Field of the Danish North Sea. The preliminary analyses are specifically designed to check the platform (planned life of 25 years) for environmental loads of wind, wave, current, scour, tides, ice loading, piling, marine growth and fire rating, etc. Global Technical Services, the British arm of Global Engineering International, are under contract to Danber which is the operating section of the Danish consortium consisting of Marex, Texaco, Shell and Chevron.

★

VITAVOX has the contract to renew the public address system at Wembley Stadium, which will need over 330 loudspeakers of different varieties.

HOME NEWS

Attack on subsidies for shipbuilding

BY OUR INDUSTRIAL STAFF

THERE WOULD be swift and vehement reaction from British shipowners if the Government subsidised the building of more ships for foreign countries such as Poland which would be in direct competition with British ships. Mr. Ronnie Swayne, president of the General Council of British Shipping, said yesterday.

A second Polish order for six bulk carriers was understood to be a possibility to provide work for under-utilised yards of British shipbuilders. Mr. Swayne said Polish shipowners would again be "highly critical if this went ahead."

He called for an end to the subsidies that could cripple the merchant fleets of free-enterprise nations. British shipping was now at the crossroads and free and fair competition was a thing of the past, he said, launching the British Shipping Review for 1978.

The regime for shipping had changed over the past decade. There was now the threat from the undercutting of freight rates by the Comecon countries. Shipping policy in the U.S. was getting more and more incompatible with that of the rest of the free world and many countries were now resorting to protectionism as freight rates slumped.

One fifth of all the world's dry cargo ships were now surplus to market requirements and a quarter of the world tanker fleet was idle. Foreign governments by subsidies and rate cutting had intervened in the affairs of the British merchant fleet, he said.

"It is high time the British Government began intervening with new powers and the will to implement them in concert with other nations."

British shipowners did not want any government to give funds for ships for which there was no commercial need, in order to save shipyard jobs. Market forces should be allowed to have their effect on merchant fleets.

Mr. David Ropner, vice-president of the council, said the average British bulk carrier of 26,000 deadweight tonnes was now barely covering its operating costs because the level of freight rates was so low. There was no money left from income to cover depreciation or to pay interest on loans outstanding.

The British merchant fleet carried twice as much cargo between third countries as to and from Britain, the president said. "Governments should bear this in mind when subsidising British shipbuilding which accounted for only three to four per cent of world capacity."

COMMONS EXPENDITURE COMMITTEE

Regional aid programmes 'help boost industry'

BY MICHAEL CASSELL

PROGRAMMES of regional and selective assistance to industry are "a useful contribution" to modernisation and regeneration of industry, says the latest report from the House of Commons Expenditure Committee.

The committee emphasises that the schemes cannot hope to rival in scale and importance proper timing and extent of macro-economic measures, national and international, to reflate the economy.

Nor, it adds, do they diminish the efforts which industry itself must make to improve its performance to a point where its productivity matches that of its competitors.

The committee says that Parliament needs to be put in a position to assess the effectiveness of the programmes more accurately, and calls for results of studies of their operation to be provided as they become available.

Workless problem

The committee specifically examined operation of regional development grants; selective assistance to industry and to individual operations; and future industrial support.

It stressed that the items selected, costing £684m in the current year, were an important element in efforts to get the economy moving from a long-term growth of 2¾ per cent in gross domestic product to the 3¼ per cent required to achieve even a gradual reduction in unemployment.

A major cause of concern for the committee involved the way in which future expenditure forecasts for regional and selective industrial assistance were compiled and presented in public expenditure White Papers.

It said it had been struck by the contrast between an apparent tapering-off of overall assistance forecast up to 1981-82, and the description provided in evidence from Sir Peter Carey, Permanent Secretary, Department of Industry, of the "formidable problem of regenerating manufacturing industry" which Government aid was designed to assist.

The committee said it found it hard to accept the prospect of a diminishing level of selective assistance after 1979-80, as projected, when the importance of this type of aid was generally accepted.

The explanation of such a discrepancy appeared to lie in the basis on which the relevant figures were calculated and presented.

Attempts were not made, during compilation of White Paper expenditure forecasts, to anticipate events. The forecasts were based on schemes "in existence or in mind."

According to the committee, the result was that what a White Paper presented as a decline in projected expenditure could be an increase.

"If a White Paper purporting to forecast total Government expenditure is to have any meaning, trying to anticipate events of the years in question—or at least trying to make the best possible estimate of the expenditure that is going to be needed in each field—is precisely what each contributing Department ought to be doing."

Housing information calls 'rejected'

CALLS FOR further improvements in the scope and availability of Government information on housing expenditure have been largely rejected by the Government, according to the Expenditure Committee.

Previous recommendations by the committee led to improvements in the presentation and scope of housing expenditure information.

The committee re-examined three areas where previous recommendations "met with cloudy or negative answers"—the amount of accommodation provided or improved as a result of expenditure in previous years, the likely product of planned expenditure and the publication of an annual Housing White Paper.

The annual White Paper would gather information, much of which is already available but dispersed among a variety of official publications, and would be read in conjunction with the Public Expenditure White Paper.

The Government has not offered to provide information concerning new accommodation arising out of previous and projected expenditure, and says that a Housing White Paper is not desirable.

Ministers have held out the prospect of a special unit within the Environment Department to accumulate and provide information on housing expenditure and its results. But they have given no indication of how regularly, to what extent or in what form additional information would be made available.

The committee says that many of its earlier recommendations concerning the flow of information on housing expenditure had been accepted and had resulted in an improvement in the presentation of housing information in the Public Expenditure White Paper.

Reformed arbitration law is promised

BY A. H. HERMANN, LEGAL CORRESPONDENT

A REFORM of arbitration law to reduce the possibility of delaying tactics and to make London arbitration proceedings more attractive for foreign parties to commercial contracts, has been promised by the Government.

In Parliamentary answers yesterday the Lord Chancellor and Trade Secretary welcomed the *published report on arbitration* by the Commercial Court Committee and promised legislation as soon as practicable.

The committee's main recommendations concern the present rule that an arbitrator may—and if directed by the commercial court—must submit the case to the High Court for decision on a point of law.

This so-called "special case" procedure is unique to English law and has been criticised because it makes it easy for defeated parties to secure further delay by transforming arbitration into litigation.

The report recommends replacing this procedure by a judicial review, confined to points of law, of "reasoned awards."

This would discourage the present practice of English arbitrators of not giving reasons for awards. This practice makes it more difficult for parties to consider an appeal, and also makes the enforcement of such awards difficult in countries where the statement of reasons is required by law.

Transitional

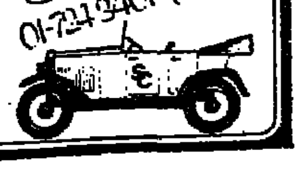
The proposed judicial review procedure would apply to contracts governed by foreign law only if expressly agreed by the parties.

In the case of international contracts governed by English law, the parties should be able to contract out of this procedure at any time. But in the case of domestic contracts, parties could agree on dispensing with the possibility of judicial review only after the dispute has arisen.

The report says that there should be a transitional regime for marine, insurance and London commodity contracts.

For two to three years these contracts, even if international, would be subject to the same rule as domestic contracts. Parties could contract out of the judicial review only after the dispute has arisen and not before.

Report on Arbitration, Cmnd. 7284 SO 50p.



By-pass opens next month

BISHOP'S STORTFORD by-pass is to be opened on August 24 by Major Arthur Hughes, chairman of Hertfordshire County Council.

Work on the viaduct section of the by-pass is now virtually completed, but the project has taken longer than expected, mainly because contractors had problems with a concrete span on the viaduct.

The by-pass runs from the A120 on the western approach to Bishop's Stortford north of the town to join the A11 at the Birchanger roundabout, leading to the M11.

Silver Line owners wary of buying more British ships

FINANCIAL TIMES REPORTER

THE VLASOV Group which took over the British Silver Line shipping company yesterday is to look "very closely" before ordering any more ships in Britain, Mr. Renato de Paolis, Silver Line managing director, said last night.

The Vlasov Group ordered five 56,000 deadweight tonne product carriers from Cammell Laird's Birkenhead yard in May, 1973, for almost £50m. The last vessel, the Alvenus, was launched yesterday.

Each ship was delivered up to 18 months late. "It would have been quicker and cheaper to buy them off the peg in the Far East," he said.

The announcement of the acquisition of the Silver Line coincided with the launch. Silver Line was formed in London in 1925 and in 1971 became part of Shipping Industrial Holdings.

This was acquired in 1974 by Navcot Shipping (Holdings) on behalf of the Vlasov Group and Capitalfin, another holding company, giving Vlasov a 50 per cent interest in the Silver Line British fleet.

The latest take-over gives Vlasov the entire interest in Silver Line's British fleet.

Vlasov already owns a diversified fleet of more than 40 ships, including product tankers, chemical tankers, cargo vessels, Very Large Crude Carriers and three cruise ships.

The total fleet of 2m dwt is Britain's second largest, excluding the fleets owned by oil companies.

The group is managed by Mr. Boris Vlasov, son of the Russian exile who founded the company in 1937.

U.S. bars Arab data for Lords inquiry

BY MAURICE SAMUELSON

THE U.S. Government has refused to supply key evidence to a House of Lords Select Committee about the economic effects of recent U.S. legislation aimed at curtailing the Arab boycott.

The committee, studying a Bill modelled on the U.S. legislation, will have to prepare this central part of its report largely on the basis of evidence from other sources.

Supporters of the Foreign Boycotts Bill, sponsored by Lord Byers, the Liberal peer, believe that U.S. evidence may have been withheld out of consideration for the Government, which opposes the Bill.

Mr. John Holmes, Economic Counsellor at the U.S. Embassy in London, said that the British Government had not involved itself in this question. The U.S. Administration had not complied with the request because it had not yet "got a fix" on the legislation's full after-affects.

In America it was not common for foreign Government officials to testify before Congressional committees, he said. But the U.S. had supplied "basic documentary information" on the legislation.

The committee had asked in April for both written and oral evidence from U.S. officials into the repercussions of the Export Administration Act's 1977 amendment, designed to prevent companies engaged in U.S. business from complying with the Arab boycott.

The committee indicated informally that it would like to hear from Mr. Stanley Marcuss, senior Deputy Assistant Secretary in the U.S. Commerce Department, whose responsibilities include Arab boycott affairs.

Effects of the American legislation have been a central theme in the hearings of the committee under the chairmanship of Lord Redcliffe-Maud.

Opponents of a Bill in Britain have nearly all claimed that it was premature to draw conclusions from continued growth of U.S. business with the Arab world, in spite of predictions that it would suffer drastically if legislation were enacted.

Supporters of the Bill claimed that the U.S. experience disproved the similar fears expressed there about the dire effects on trade with the Arab world if it became law.

Last month Mr. Daniel Halperin, an Israeli Finance Ministry official, told the committee that American officials were "delighted" to find that the Saudi Arabians took "a very reasonable approach to the new regulations."

He added that Mr. Marcuss, whom he had met in Washington a few days earlier, would be happy to supply evidence to this effect if invited to do so.

After publication of Mr. Halperin's evidence the committee again told the Embassy of its desire for comments about this from Mr. Marcuss.

There is still no sign of evidence from him. The committee has been told that Mr. Halperin overstated Mr. Marcuss's assessment.

Call for management pay policy body

BY JASON CRISP

THE British Institute of Management wants to see an official body set up to help determine "pay moderation policy," according to the Managers Manifesto 1978, which it published yesterday.

Sir Derek Ezra, chairman of the institute, called for an urgent public debate and a Government Green Paper on ways of determining pay policy.

The manifesto says that there should be machinery which could help adjust relativities and differentials, "without raising general expectations in a current pay round." It goes on to say that managers and other professional people should be among the first to be considered by such a body.

It is the first time the institute has put together all its policies in one document since it adopted a representative role at the end of 1976. The manifesto makes some 37 recommendations within 10 areas of economic and industrial policy ranging from North Sea oil to education and training.

Among its main recommendations are for managers to have much greater representation in industrial and economic policy.

Through the BIM, managers should be represented on the National Economic Development Council. And the institute calls for greater consultation on economic policy, so that it is seen on a par with the CBI and the TUC.

The manifesto wants a reduction in the overall burden of taxation including reducing the basic rate of income tax to below 30 per cent and top marginal rate to 60 per cent or less.

It calls on the Government to encourage greater contact between industry and schools and it wants priority given to providing educational and training needs which meet the requirements of industry.

The MSL Index of executive demand published yesterday shows a fall of 4 per cent during the second quarter this year. The index which is based on continuous monitoring of advertisements for senior executive, professional and technical staff still shows a slightly higher demand for senior management over a 12 month period.

Managers Manifesto 1978: Good Management for a Prosperous Britain. BIM publications, Management House, Parker Street, London WC2 5PT. 75p.

Jobs column, Page 14

Housing prices rise more slowly

By Michael Cassell, Building Correspondent

HOUSE PRICES are now rising by only about 1 per cent a month and the increase rate could fall further in the coming months, according to the Nationwide Building Society.

The Nationwide says that the housing market has stabilised after the average 9 per cent rise in prices recorded during the first six months of this year. Last year, average prices increased by about 8 per cent.

Mr. Leonard Williams, chief general manager of the society, said that an average rise of less than 1 per cent a month was possible during the remainder of this year, although much depended on the future course of earnings, which were at present rising at about 14 per cent a year.

It would never be clear whether the Government-inspired limitation on building society lending in the second quarter had any braking effect on prices, nor to what extent the successive decreases in the mortgage rate last year were responsible for the price rises.

Societies were intending to *limit overall lending again in the* third quarter—at higher levels than in the previous three months—but such restrictions would hopefully soon be removed.

"They operate very crudely in terms of their effect on the housing market.

"Societies have to support the whole housing market and we cannot concentrate reductions in lending on any particular part of it without detriment to other worthy applicants.

Mr. Williams said he expected societies to lend over £8bn to home buyers this year, involving around three-quarters of a million purchasers.

By the mid 1980s societies would be providing 1m loans annually.

Nationwide assets have now exceeded £3bn and grew by 8.2 per cent in the first six months of this year, against 10 per cent during the same period in 1977 and 23.1 per cent during the whole of last year.

From January to June 1978, the society approved over 38,000 loans totalling £412m. It was now approving £70m of loans a month.

Thatcher offers arts praise but not cash

By Our Arts Editor

STRONG support for the arts came yesterday from Mrs. Margaret Thatcher when she addressed a one-day London conference on the arts organised by the Tory Party.

She concentrated on the contribution of the arts to the quality of British life rather than on any proposals for increasing government aid.

Mr. St. John Stevas, the shadow arts spokesman, was more specific. "I do not want the arts to be a party political issue but I do want them to be a political issue. People all over the country should have the opportunity of insisting to their candidates that the arts should have a higher priority than they have had in the past and should put the political parties on their mettle as to what they will do to promote the arts," he said.

Lord Annan warned against excessive spending on new buildings. He said that the majority of public cash support should go to the artists themselves.

Exchange floor open-days

THE LONDON Stock Exchange floor was opened to the public yesterday between 5 pm and 7 pm and will be opened at the same time next Wednesday.

The exchange has two open days each year and this year the days have been arranged to coincide with the City of London Festival.

Some brokers and jobbers remain on the floor on these occasions to answer visitor's questions.

Gas corporation urged to speed Morecambe plan

BY RHYS DAVID, NORTHERN CORRESPONDENT

THE BRITISH Gas Corporation is being urged to speed its programme for bringing gas ashore from the new Morecambe field in the Irish Sea to give supply industries in the North West and Merseyside, in particular, a chance to win orders quickly.

The corporation disclosed this week that its discovery 20 miles off Morecambe, first made in 1974, contained a commercially viable two to three trillion cu. ft. of gas. A study of how and where the gas can be brought ashore is about to begin.

Sites have already been pinpointed as possible landing points — Connah's Quay in Clwyd, near Southport, Lancashire, and two locations in the Lune Estuary, also in Lancashire.

But the total number of permanent jobs likely to be created will probably be limited and the spin-off for the local economy will not be great.

A much greater impact could be made if the region succeeds in winning a significant share of the orders for equipment and services required to bring the gas ashore.

In one of the earliest responses, Sir Kenneth Thompson, Merseyside County Council chairman, has called for early development of the reserves.

Equipment

Among ideas likely to be put to the corporation are for the offtake from North Sea fields to be slowed, so that Irish Sea supplies can be phased in earlier.

Such a move, it is suggested, could create orders which local suppliers of offshore equipment on Merseyside—a number of which are grouped in a consortium—could bid for, helping to create new job opportunities.

Unemployment in the area stands at 12.6 per cent, or near 100,000 people.

The corporation has not disclosed its timetable but is thought to be considering 1980 for construction of the production platforms and pipelines.

The total development, including the terminal for treating the gas, is likely to be ready to supply the national grid from the mid-1980s, and is expected to cost several hundred million pounds.

Pressure for swifter action is certain to be regarded by the corporation as premature, since its own inquiry has yet to make clear the size of the problem involved in getting the gas ashore.

Though the gas is in relatively shallow water and less of a bad weather problem exists of Britain's West Coast than in the North Sea, shifting sandbanks in the Irish Sea could create major pipeline route problems.

Another problem is the greater concentration of population along the western seaboard which limits the possible locations for the 300-acre terminal site.

In deciding how or when to use the gas from the Irish Sea the corporation has some extra room for manoeuvre as sole owner of the field through its exploration subsidiary, Hydrocarbons GB.

The Merseyside authorities are also putting forward Liverpool's case as the shore base for servicing the production platforms during and after construction but there is certain to be competition from other ports in the area.

Fleetwood has been the main base for exploration activities in the area. It is likely to see servicing of offshore gas installations as an important new activity to help cushion the decline in its fishing trade.

Payments for councils hit by steel closures

BY ROBIN REEVES, WELSH CORRESPONDENT

LOCAL AUTHORITIES hit by the British Steel Corporation's steel plant closures are to be compensated for the loss of rates income by the Government.

Mr. John Morris, Secretary of State for Wales, announced yesterday that Cardiff city and Blaenau Gwent councils would receive special payments of £500,000 and £300,000 respectively.

A special scheme had been devised whereby the Government was taking the place of British Steel as a significant source of rates income.

Mr. Morris said he hoped that this tangible form of support would help solve the problems caused by the closures and give the councils stability of income.

Besides this aid, which relates to the East Moors and Ebbw Vale closures, compensation is also being paid in respect of the Hartlepool closure.

British paintings fetch £½m

Hyde Park Corner—an engraving that fetched £40,000.

SALEROOM

BY ANTONY THORNCROFT

A SALE of British paintings did well at Sotheby's yesterday, bringing in £507,070 with only one important lot bought in—a Stubb's racing portrait which, at £30,000, fell £10,000 short of its bottom estimate.

Top price was the £40,000, paid for *The Yeoman Cavalry of the Richmondshire Militia on Manoeuvres* by John Herring Snr, and for *Hyde Park Corner*, an 1838 view by James Pollard showing then as now, the usual traffic jam. The latter was bought by the London dealer, J. Cooper.

A sketch by Benjamin West, *The Triumph of Death*, fetched a record price of £38,000. The previous best was £36,000 in 1970. Baskett and Day paid £34,000 for a wooded landscape by George Lambert which was sold for 84 guineas at Christie's in 1951.

The Ascension by Banjamin West made £20,000—double its estimate—and there were three more artist record prices—£17,000 for figures of cattle and sheep by William Ashford (previous best £11,000 in 1975); £14,000 from Colnachi for *Turkish merchants with camels* by William Muller (previous best £5,800 in 1977); and £12,000 for a Charles Towne "Portrait of Mr. Johnson."

Another high price was the £14,000 paid for John Crome's *A Woodland Scene with Sheep near Norwich*. Leggatt, bidding on behalf of the National Portrait Gallery, gave £3,200 for a portrait of Charles Jenkinson, the first Lord Hawkesbury, by George Romney. All prices carry a 10 per cent buyer's premium.

At Christie's, South Kensington, radio equipment and mechanical music totalled £33,097. A rare musical praxinoscope sold for £2,300 while a key wind overture musical box by Nicole Freres, not in working order, realised £1,700.

A rare gilt metal chalice sundial from Germany made £24,000 yesterday in a sale at Christie's of scientific instruments, clocks, watches and barometers. Made by Marcus Purman and dated 1608, it was bought by Mannheimer, a Swiss dealer, in a sale which realised £150,658.

The dial was previously unrecorded and must be added to the small core of chalice dials by Purman variously dated between 1590 and 1602.

Purman was one of the small group of early scientific instrument makers centred on the Bavarian ducal court in Munich.

A sale of antique arms and armour, also at Christie's, saw Continental buyers both private and trade out in force. Many of the sale's top lots went to Austrian and German purchasers.

The sale totalled £91,929. A private overseas collector paid £9,500 for a pair of late 17th century flint-lock holster pistols by Claudio Beretta of Brescia. Beck, a German dealer, gave £6,000 for a late 17th century German wheel-lock sporting rifle.

Austrian dealer Bednarczyk was also active, buying a pair of flint-lock holster pistols by Johan Andreas Kuchenreuter, of Regensburg which had been presented by the Duke of Wellington to the first Lord Tweeddale.

The same dealer paid £3,000 for a German wheel-lock holster pistol from the third quarter of the 16th century and £2,800 for a pair of Italian Snaphauce pistols.

An auction of English drawings and watercolours at Christie's totalled £61,042, with a top price of £4,800 for a watercolour by Archibald Thorburn.

In a sale at Phillips of Oriental and Japanese ceramics, totalling £70,015, a large Persian market Canton "famille rose" bowl and stand sold for £4,000 to a private collector.

Guernsey insurance scheme protest

BY OUR OWN CORRESPONDENT

TRADE UNIONISTS, small traders, hoteliers and the self-employed will be making common cause in Guernsey tonight at a meeting called to protest against an earnings-related social insurance scheme due to be introduced in the island on January 1.

The legislation passed through its final stage in June. Voices are being raised on all sides against the scheme, and local MPs are under growing pressure to bring the whole issue back to the island Parliament.

The Guernsey Council of Trades Unions and Associations has come out strongly against the scheme.

One branch of the Transport and General Workers' Union has asked its district committee to organise united resistance by its 4,000 local members.

Other opponents include growers' organisations and the Guernsey Fishermen's Association, which has described the new social insurance scheme as "a danger to the very roots of our society."

The scheme is based on the same principle as one introduced in Jersey in 1975—that of using a States grant to subsidise the contributions of the lower-paid, including the self-employed, while requiring the better-paid to meet the full cost themselves.

Guernsey's Insurance Authority has explained that the basic reason for the change is that, under the existing scheme, the flat-rate contribution needed to fund adequate benefits is beginning to press too heavily on the lower-paid.

The contribution rate has been fixed at 8.5 per cent of earnings, including 1.5 per cent to cover the island's limited health service.

Of this, the employer will pay 4.7 per cent and the employee 3.8 per cent. The rate for the self-employed will be 8.3 per cent.

Based on an initial upper earnings limit of £117 a week, this means that at the ceiling rate the employer's weekly contribution will be £5.50, the employee's £4.45 and a self-employed person's £9.71.

This compares with £2.50, £2.52, and £4.84 respectively at present.

The rates of benefit are being increased to give a married couple an old-age pension of £32.00 a week (against £27.50 at present), and unemployment and sickness benefit of £27.50 (against £23.80).

The unions' main grievance is that their members will now have to pay earnings-related contributions on their gross earnings, including overtime and bonuses, so that in many cases they will have to find nearly £2 more a week.

The authority has said that the maximum contribution rate is the unsubsidised "commercial" premium for the insurance obtained.

But the unions also want to see the upper earnings limit abolished and those earning more than £117 a week levied according to their salary.

The resulting "surplus," they say, should be used either to reduce contributions further for the lower-paid or improve benefits.

The Guernsey Growers' Association has protested that employers will now be paying five-ninths of the weekly contribution instead of just under half as previously.

This, it claims, is to make up for the island government's grant towards the cost of social insurance being reduced from 41 to 35 per cent—a charge rejected by the insurance authority, which says that the two factors are quite unconnected.

The small traders and the self-employed have said that the new rates of contribution will force them to lay-off staff or even close.

A factory worker earning £80 a week will pay £3.04, they add, whereas the small grower, farmer or milk retailer will pay £6.64.

Mr. Eric Bodman, president of the insurance authority, has replied that this principle has been accepted since Guernsey first introduced social insurance in 1935 and that a higher contribution is a price that has to be paid for the privilege of being one's own boss.

LABOUR NEWS

Westland manual workers vote to end piecework

BY PHILIP BASSETT, LABOUR STAFF

ANUAUL WORKERS at Westnd Aircraft's helicopter factory Yeovil yesterday voted to cept the end of piecework, hich the company had blamed r jeopardising the future of elicopter manufacture at the ant.

The company has now withawn its warnings of the dislssal of the 2,000 manual orkers sent out to the workrce last month, after attempts negotiate a new agreement replace the piecework system oke down.

Senior shop stewards decided recommend acceptance of the mpany's latest offer, which as geared to the abolition of e piecework system. A mass eeting of about 1,500 manual orkers voted yesterday by 4-1 accept it.

The new offer, which union ficials believe is a considerable nprovement on the company's evious position, involves a w flat rate of £88 a week on which overtime and shift payments will be based.

A further 5 per cent will be paid between August 11 and September 30, when there is a commitment by the company to bring in a new bonus scheme which could give 10 per cent of earnings if the workforce can achieve 100 per cent of the company's turnover within present labour costs.

The offer appears to involve some reduction in average earnings.

The unions believed that a rejected earlier offer, which would have given a skilled worker in the middle range £84.55, would have meant a wage cut for some skilled workers of up to £12.50 and as much as £23 when a £10 sliding supplement in the offer was fully eroded.

Better provisions for sick pay, pensions and insurance schemes *are included in the offer accepted* yesterday.

Lateness will not automatically mean a dock in pay, though money will be taken from overtime earnings for consistent lateness.

Uuion leaders at the plant are not happy with the offer, but in the face of the dismissal threats saw drawn-out industrial action which might have achieved little more as the only alternative to accepting it.

They warned yesterday, though, that if the new incentive bonus schame was not brought in on October 1, an overtime ban would be re-imposed.

Westland has maintained that the piecework system had become too costly to operate in terms of earnings and by eroding differentials had serious affected the morale of white-collor staff.

The rising wage bill was not matched by increased productivity.

Last month, the company announced it was forgoing an *interim dividend and that profits* in the present year were likely to be disappointing because of the pay problems at Yeovil.

Post Office threat to revised guidelines

By Our Labour Editor

THE GOVERNMENT'S White Paper Phase Four guidelines, due out tomorrow, could face a challenge almost immediately from the Post Office engineers in their 10-month-old battle for a 35-hour week.

Lord McCarthy, the industrial relations expert from Nuffield College, Oxford, appointed by the Government to look into the dispute, meets the Post Office Engineering Union and the Post Office this evening.

The White Paper wording on conditions under which a shorter week can be negotiated in the next 12 months will be crucial.

Lord McCarthy's recommendation will go to Mr. Eric Varley, Industry Secretary, and other Ministers for consideration in the light of the new policy, which is expected to stress that there should be no increase in unit costs as a result of shorter hours.

CBI officials have been concerned that a weak statement on hours would lead to reductions that the economy cannot afford. The POEU argues that its claim would merely give parity with other telecommunications grades and need not spread outside the Post Office.

In the Post Office itself, the Civil and Public Services Association also said to be looking for shorter hours for its staff members, and the Union of Post Office Workers has warned that concessions to the engineers will be sought by them.

Meanwhile, the effect of the engineers' industrial action continues to mount. The Post Office said yesterday that 120,000 people are now waiting for telephone connections and 900 exchanges are affected. At the end of last month, the figures were 90,000 and 800.

The hidden side of public expenditure

BY P. J. W. HARDWICK

IN VIEW of the recent debate over public spending it is surprising that so little is heard *of the indirect public expenditure* which arises as a result of the various reliefs and allowances in the tax system and the gaps in the charge. In income tax alone, these deductions and omissions account for around 50 per cent of total personal income in the UK* resulting in very large losses of potential tax revenue and hence higher tax rates than would otherwise be necessary to raise any given revenue. Such losses of revenue are the equivalent of a subsidy to those granted the relief or allowance.

Some allowances, such as the single and married persons' allowances, can be regarded as part of the essential structure of income tax, but there are *many* which have been introduced into the tax code for extraneous reasons of government economic and social policy or as a result of pressure group activity. The revenue foregone as a result of such non-structural reliefs and allowances may be regarded as "tax expenditures" (a term coined in the U.S.). Tax expenditures cover not only specific exemptions, but but also gaps in the charge such as the revenue foregone by not taxing unemployment pay or imputing a rent to owner occupiers.

It is possible to list 69 items from income tax and capital gains tax which might be regarded as tax expenditures.

Allowances

It is debatable which reliefs and allowances should be regarded as constituting part of the income tax structure and which are those giving rise to tax expenditures. In evidence to the general sub-committee of the Expenditure Committee [Minutes of Evidence. Memoranda on the Control of Public Expenditure Session 1977-78 (196 (Memoranda)). Memorandum 2], the Treasury argues that "various measures of relief and allowances tend to become regarded in the public mind as integral parts of the tax system, *and to feature in expectations* as people and companies plan their budgets."

As an example the Treasury states that mortgage interest relief, the most costly tax expenditure, is not only granted as part of government housing policy, but "is also in some degree a reflection of capacity to pay in a progressive tax structure." It is true that people buying houses do so in the expectation that they will continue to obtain tax relief on mortgage interest during the life of the mortgage. The recent Green Paper on Housing Policy (Cmd. 6851), comparing the general housing assistance to different types of households (mortgage interest relief, option mortgage subsidy, public sector housing *subsidies, and rent rebates)*, showed that the average annual subsidy on mortgaged houses in the UK *in 1976-77* was £205, compared with a subsidy of £210 for local authority tenants.

But averages can mislead. It is unlikely that the electorate would knowingly accept a benefit programme which subsidised those with higher incomes to a greater extent than those on lower incomes. Yet this is exactly the case with mortgage interest relief and most other items of tax expenditure—a mortgage interest payment of £1,000 per annum is subsidised by £330 for a man paying the standard rate of tax of 33 per cent, while the subsidy on the same amount of interest to a man whose marginal rate of tax *is 83 per cent is £830.*

The Treasury has accepted the proposal of the Expenditure Committee that White Papers on public expenditure should include estimates of the cost of mortgage interest relief (estimated for 1976-77 as £1,050m) and that there is a good case for looking at the appropriate tax reliefs together with related public expenditure in appraising the total impact of government policies in conjunction with *housing subsidies, family allowances*, and investment grants.

Yet why not go further? Why not a tax expenditure budget? Wherever possible the revenue departments provide estimates of revenue foregone in respect of particular tax reliefs and allowances in reply to Parliamentary questions and other requests; but nowhere are such estimates brought together in a comprehensive list.

In the U.S. the Congressional Budget Office is required to present five-year projections of tax expenditures resulting from tax provisions which grant special relief to certain taxpayers. In 1975 total tax expenditures were estimated to amount to about 25 per cent of explicit Federal Government expenditure. In West Germany the Government is required to present a Report on Subsidies to the Bundestag every two years listing tax reliefs and subsidies categorised by purpose, to encourage regular reviews of this assistance.

Arguments

The Treasury presents three arguments against the construction of a tax expenditure budget for the UK. First, the difficulty of deciding what constitutes a tax expenditure and allocating it to a particular support programme. Second, the problem of measurement: measuring the cost of each relief separately in terms of revenue foregone ignores two problems. If the relief were to be withdrawn and the extra revenue channelled back into the economy the distribution of income would be altered. Also the cost of a number of tax reliefs taken together is not the same as the sum of each of the tax expenditures taken separately, both because of the effects on income distribution and also changes in individuals' marginal tax rates resulting from the withdrawal of the reliefs. Third, the Treasury believes that the diversion of effort involved in the construction of such a budget would *more than outweigh the benefits* obtained.

Beneficial

These arguments carry some weight, but the Treasury overstates the case. Explicit public expenditure is not easy to define satisfactorily (as the big definitional changes in recent Public Expenditure White Papers indicate), but this is no argument for not producing figures of public expenditure: nor is all explicit expenditure readily allocatable to particular programmes. Moreover there are other points to be considered. An informed public debate on whether particular reliefs should be continued, or whether if some support is justified it would not be better made through direct expenditure (as *with child benefits)* could be beneficial and lead to improvements in the tax structure.

For such a debate information on the order of magnitude of tax expenditures is needed. As estimates are readily provided in response to Parliamentary questions it would seem logical to bring them together rather than leaving them scattered through the various editions of *Hansard*. Further, the effort involved in setting up a system of presenting regular consolidated estimates may well be less than that expended in providing the estimates piecemeal. Expenditures which annually amount to about one-third of the total tax revenue from individuals should not be approved by default, but should be regularly reviewed in the same way as direct public expenditures.

* *The figures and estimates are drawn from J. R. M. Willis and P. J. W. Hardwick, Tax Expenditures in the United Kingdom published this week by the Institute for Fiscal Studies and Heinemann Educational Books, price £3.50. Mr. Hardwick is a Lecturer in Economics at the University of Bath.*

Key bid to resolve Chrysler dispute

BY OUR OWN CORRESPONDENT

IR. MOSS EVANS, general ecretary of the Transport and eneral Workers' Union, and r. Hugh Scanlon, president of ie Amalgamated Union of ngineering Workers, are exected to meet in the next few ays to try to thrash out a peace rmula for ending the dispute at hrysler's Linwood car factory 1 Scotland.

Efforts to arrange talks etween the two leaders are part f moves going on in London to ettle the strike of 550 paint-shop orkers before the factory repens on August 7 after its ammer holidays.

The TGWU whose members re on strike, is also likely to ake informal contact with hrysler executives to see if iere is any room for manoeuvre ot already covered by the local nd unsuccessful negotiations eld in Glasgow between the ompany and its shop stewards.

Mr. Grenville Hawley, the ansport union's national officer or the vehicle industry, is trying 1 convene talks with the comany and the AUEW along the same lines at the conference in London last November which finally resolved a previous three-week strike at Linwood.

But it is generally recognised by the company and its unions that only initiatives from leaders of the calibre of Mr. Evans and Mr. Scanlon can break down the entrenched attitudes at Linwood, where industrial relations are at their lowest ebb since the Government rescued Chrysler from collapse 2½ years ago.

The latest dispute, which prevented production of more than 5,000 Sunbeams and Avengers worth some £10m at showroom prices, has aroused deep concern among Chrysler dealers, many of whom are already running short of stocks.

Earlier this week Mr. Tony Wilks, chairman of the Chrysler Dealers' Association, warned that some customers who have ordered and paid for "T" registration cars will not get delivery on August 1 as promised because the vehicles are still inside the *Linwood factory.*

Opera goes ahead as chorus stays out

By Our Labour Correspondent

THE ENGLISH National Opera is preparing to open the new season at the London Coliseum next week without its chorus because of a pay dispute.

Performances of The Magic Flute and La Boheme will go ahead without the chorus, which has not started rehearsals because of the dispute.

However, scheduled performances of Carmen have been withdrawn and will be replaced by a new production of Menotti's The Consul, which will have its first night on August 12.

The English National Opera said yesterday that negotiations on rates of pay for the new season had been in progress for several weeks and agreement had been reached with most groups by the start of the rehearsal period.

Members of the chorus, however, had not accepted a 10 per cent pay offer made "more attractive by the addition of a productivity deal" which had been approved by the Department of Employment.

It was a matter of "great regret" that the executive of Equity, the actors' union, had now announced that an industrial dispute existed and that no member of the union could accept a job as a chorister with the opera company.

Workers at Ford urged to aid good relations

BY OUR LABOUR CORRESPONDENT

MPLOYEES AT Ford's Dagenam plant were yesterday urged o remain calm and help preserve ood relations between different thnic groups at the works.

Mr. Ivor Joynes, assembly lant manager, made the appeal n Tuesday when an inspector as escorted from work after eing jostled by a group of Asian orkers.

Another incident away from the plant on Sunday, in which an Asian employee was attacked by four men, is being investigated by police.

Mr. Joynes said that he did not know this man's assailants and no employee had been identified by police as having been involved.

It was Ford policy to apply all employment practices without discrimination on racial or ethnic grounds.

Seal Sands plants shut by Monsanto

By Sue Cameron

MONSANTO, the U.S.-based chemicals group, has shut its acrylonitrile and nylon intermediates plants at Seal Sands in Teesside because of an industrial dispute with production workers.

The dispute, involving members of the Transport and General Workers' Union, is over the payment of extra money during shift changeovers. The men banned all overtime working at the plant last Friday and at the weekend Monsanto shut it completely in the interests of "safety *and efficiency.*" *A total of* 45 workers were affected.

The resulting shortage of acrylonitrile forced the company to shut its nylon intermediates plant at Seal Sands on Tuesday night. This has led to a further 50 men being put out of work although they are not in dispute with Monsanto.

After the closure of the acrylonitrile plant, members of the TGWU picketed the construction site at Seal Sands and all 1,400 construction workers walked out. But yesterday Monsanto said it was expecting the construction workers to return to work tomorrow

Dieppe ferry hit again

IEWHAVEN-DIEPPE car-ferry ailings were hit again yesteray by the French seamen's trike. The Sealink service was alted by the strikers, who are understood to be annoyed at certain aspects of a service being introduced between Dieppe and Dover.

No vessels were leaving or entering Dieppe.

Engineers will fight universal pay limit

By Our Labour Staff

REPRESENTATIVES OF professional engineers in the power industry have told the Government that they will fight any attempt to impose a universal pay limit on its next round of wage negotiations.

Mr. John Lyons, general secretary of the Engineers' and Managers' Association, has given an 11th-hour warning to the Government ahead of the expected publication of the White Paper on pay at the end of this week.

Mr. Lyons has told the Prime Minister that the union will treat *the restoration of differentials* in the industry as a priority.

In a letter to Mr. James Callaghan, Mr. Lyons has also warned the Government that the Electrical Power Engineers' Association, a constituent group of the Engineers' and Managers' Association, would "oppose totally" any suggestion of special provision for the reduction of industrial workers' hours from which white-collar workers could derive no compensating benefit.

BOOKS CRIME FICTION

Old bloods

BY C. P. SNOW

The Cask by Freeman Wills Crofts. £3.35. 327 pages

The Hollow Man by John Dickson Carr. £3.00. 304 pages

The Man Who Didn't Fly by Margot Bennett. £3.00. 191 pages

The Old Man in the Corner by Baroness Orczy. £3.50. 340 pages

The Bride Wore Black by Cornell Woolrich. £3.20. 190 pages

Crime at Orcival by Emile Gaboriau. £3.20. 234 pages

The Lerouge Case by Emile Gaboriau. £3.20. 250 pages

The Rasp by Philip Macdonald. £3.50. 305 pages

Trial by Fury by Craig Rice. £3.20. 228 pages

The Middle-Temple Murder by *J. S. Fletcher. £3.50. 256 pages*

Martin Hewitt, Investigator by Arthur Morrison. £4.00. 324 pages

Here is an interesting enterprise. All the above books have been published, or more exactly republished, by the Manchester-based firm of Remploy. They have been chosen, from detective stories originally issued from about 1860 down to 1930, by Melvyn Barnes, who is Borough Librarian of Kensington and Chelsea, and who has written a survey called *Best Detective Fiction*. All the present books have been out of print for many years. They are to be followed by another set, which will include A. E. W. Mason's *The House of the Arrow*, one of the most distinguished detective stories ever written.

Cheers for Remploy, and Melvyn Barnes. People outside the enclave of contemporary publishing may be baffled that some of these works have been allowed to go out of print. The hard truth is, the economics of publishing are changing rapidly. Most of the modern publisher's backlist is a liability, not as it was a generation ago a source of modest profit. Unless a book is selling regularly and at a considerable rate (not just a hundred copies a year) its publisher is losing money on it. Thus many good books are becoming unobtainable, except in libraries. And even library copies wear out. Here's where Remploy come in.

All this adds to the ephemeral flibberty-gibbet air of modern literature. Books are tending to become disposable consumer-objects like automobiles and electric light bulbs. A student trying to do scholarly work on novels published between the two wars — in particular novels once popular which haven't had academic recognition—has to show American pertinacity in order to get hold of his material.

To an extent, the problem is being coped with by reprint houses (Combridge, Chivers, Portway and others) who produce smallish editions which presumably go mainly to fill the gaps in libraries. In an unobtrusive fashion, that is a public service. One hopes that it is profitable enough to be continued. Now Remploy are making their effort with detective stories. They call it a Deerstalker series.

One suggestion. These books are going to be read for enjoyment, and only the silliest will sneer at that. Who in our time has given more pleasure, and incidentally, to some of the best and deepest minds of the century, than Agatha Christie? It is only stupid intellectuals (a special category) who can't understand the real stars, as a wise man used to say. But as well as being read for enjoyment, some of these Remploy books are going to be valuable to the historians of crime literature.

It isn't clear by what process, or on what principle, they have been reprinted. Or from what text. It looks as though some, as for instance the two Gaboriau volumes, have been reproduced from the last extant English edition. It would be useful to know. Even a note slipped inside the book would be better than nothing.

Incidentally, Gaboriau was a real pioneer, who died in his mid-30s, much too young. He probably had some impact on Conan Doyle, though he hadn't Doyle's magnifying and mythopoeic genius. One would guess that Gaboriau had more impact on Simenon. As with Simenon, the stories, though good enough to

"The Cask" (1920), by Freeman Wills Crofts, the Irish writer whose first profession was railway engineer

propel one at reasonable speed, are not the main allurement. The people, the scenes, the steady realistic concentration, mean much more, and are an extraordinary contrast by the side of Gaboriau's English successors.

Some of these books, which I have already read, I didn't specially want to read again. John Dickson Carr was a cultivated anglophile, and wrote eloquently, but those locked rooms don't wear well. Philip Macdonald's *The Rasp* was the first Gethryn story, and Macdonald became much better afterwards.

I strongly recommend *The Bride Wore Black*, by Cornell Woolrich, a thriller, artificial if you like (classical thrillers are usually as artificial as classical detective stories, a notion which can be left to Symons and Barzun to argue about). Woolrich's book is sharply perceived and brilliantly written. Also, I commend very warmly, *The Middle Temple Murder* by J. S. Fletcher. Fletcher was writing detective stories just before and just after the first world war. That is, he was much more at his ease, not playing an unnecessarily elaborate game. This book is sensible, pleasantly smooth, with nice sketches of the London of 1912, and an ingenious story.

Yellow Naples

The Payoff by Attilio Veraldi, translated by Isabel Quigley. Hamish Hamilton, £4.95. 234 pages

The Italians are enormous consumers of thrillers. In every Italian train compartment, you are sure to find at least one traveller immersed in one of Mondadori's detective novels, with their characteristic yellow cover (hence, in Italian, *giallo* (yellow) equals thriller). But, curiously enough, Italy produces few thrillers of its own. Nearly all those *gialli* are in translation.

So the success, in 1976, of Veraldi's *La mazzetta (The Payoff)* came as a pleasant surprise. The author skilfully turns Naples into a Mediterranean version of Chandler's Bay City, and there is a suitably seedy lawyer-protagonist, perfectly in character. Most of the book is a zig-zag chase, in which the protagonist *is both pursuing and* being pursued. All very professionally done. The book has been made into a film, with Nino Manfredi and Ugo Tognazzi, currently packing audiences.

WILLIAM WEAVER

Latecomer in LA

BY ANTHONY QUINTON

Chinaman's Chance by Ross Thomas. Hamish Hamilton, £4.95. 383 pages

One gets off to a pretty quick start in *Chinaman's Chance*, with the Chinaman in question, fat and 37, jogging on Malibu beach at 4.42 in the morning. The Los Angeles reference settles which of the two suggestions of the author's name—Leslie Thomas or Ross Macdonald—is the *appropriate* one. This is quite a long book, 383 pages, something like 150,000 words. That is about the size of *The Return of the Native* and quite a bit more than that of Chandler's longest, *The Long Goodbye*.

It rattles merrily enough along, but it has a synthetic air: it might have been written by a close reader of the literature of modern California who is confined by muscular dystrophy to a back room in Leighton Buzzard. Consider this passage:

At thirty-two Lace Armitage's body was *still almost* perfect, at least in her husband's opinion, although there were some who carped about the high breasts being a bit too large and even argued that the long legs were a touch thin.

Where have we tasted that bit of literary monosodium glutamate before? Consult *The Philanderer* by Stanley Kauffmann (Penguin ed. p. 19):

It was possible to carp *and* say that her legs were a trifle thin and her bosom a bit too full, but the effect was slender, sexual and good.

No harm in that, of course, but rather a lot of this book is out of old stock: the other hero, Quincy Durant, a straight James Coburn part; the deeply civilised mobster, who is Chandler's Steelgrave with a blindingly high polish; the ageing Wasp fixing things behind the scenes, descended from everyone who travelled first on the *Mayflower*. The apparatus, in other words, is old and tired, even if it is handled with a certain brio.

More deeply Chandlerish than the scene and people is the way the plot gets over-entangled at the end, like the fearful mess at close of *The Little Sister*. On the way there, however, there is some lively action: a good scene in a mobile home where evil is punished by dexterous use of a gas cylinder, in particular, is calculated to shift the attentive *reader to the edge of the sofa*.

With Chandler dead and Ross Macdonald silent since 1973 Los Angeles is, it might seem, up for grabs, from a literary point of view. *Chinaman's Chance* does not make it. Those who require fairly skilful handling if they are to be coaxed into fantasy would be better advised to try a new area, the Detroit of Elmore Leonard, for example, or the Boston of George V Higgins.

Ritzi's bar again

BY ELIZABETH FORBES

Casablack by Christopher Leopold. Hamish Hamilton, £4.95. 310 pages

The Buckingham Palace Connection by Ted Willis. Macmillan, £4.95. 288 pages

These two novels, one set in North Africa during the Second World War, the other in Russia during the Revolution, are examples of a type of thriller now very popular: events of the recent—or fairly recent—past are re-interpreted in the light of later knowledge, or are seen through the eyes of a present-day narrator. Real personages mix with the fictional characters—Lord Willis, for instance, plays an important role in his own book, while there are three levels of reality in *Casablack*: the historical background of the *Allied landings in North Africa* in 1942; the purely fictional adventures of a romantic American hoodlum and a corrupt French cop in Brazzaville and Casablanca; and what might be termed the legendary dimension, that of the Warner Bros. film of *Casablanca*, which links the other two.

Casablanca ends with Rick and Louis at the airport, on their way to join the Free French at Brazzaville. *Casablack* picks up the tale a year later, when Steve and Auguste, the "real" prototypes of the Bogart and Rains characters, return to Casablanca on a mission. American troops have already embarked for the landings in Morocco: dirty deals are being arranged between the Allied High Command and the Vichy French who control the ports of Rabat and Casablanca—not for nothing has Christopher Leopold changed white to black in the title of his book—and there is a German General to be assassinated. So Steve revisits Ritzi's bar where *Bobbi the pianist still pounds out* favourite songs and Helda, Scandinavian call-girl with a phony French title, entertains the top brass.

The interweaving of the various strands is skilfully done. When the American troops, who have already seen the movie back home, finally reach Casablanca, they take over Ritzi's, renaming it Rick's Café Américain. The climax of the novel takes place in the cinema where the Moroccan première of the film is being shown.

The Buckingham Palace Connection takes the relationship between King George V and Tsar Nicholas II — they were first cousins—as starting point. Viscount Tremayne, an elderly peer whom Ted Willis meets in the House of Lords, was involved in an attempt to rescue the Tsar *and his family from the* Ipatiev House in Ekaterinburg. The three leaders of the expedition, Tremayne, the polished young British diplomat; Kasakov, the fanatical Russian officer; and Story, the taciturn Texan engineer, are effectively contrasted, but real hero — or heroine — of the book is the Royal Flush, an armoured train that transports the party more than 4,000 miles along the Trans-Siberian railway from Vladivostock to Ekaterinburg.

Royal Flush's journey is interleaved with the adventures of Miss Meg, the English governess in charge of a Russian merchant's two children, who also lands up in Ekaterinburg, while historical characters from Lloyd George to Lenin make their expected appearances. The expedition is doomed by history to failure — but Lord Willis still has a surprise up his sleeve for the final pages, when he, as a character in the book, visits the Tremaynes in their remote Cornish home.

In short

BY WILLIAM WEAVER

Treasure Up In Smoke by David Williams. Collins, £3.75. 196 pages

With his third novel, David Williams ventures abroad, and the undertaking is more ambitious than the earlier books, but every bit as enjoyable and successful. King Charles Island is a delightful, complete invention: the author even supplies us with a wry capsule history, setting a fanciful background for his story. The clever banker Mark Treasure is on hand again, with his elegant actress-wife. In addition to a varied cast of local csaracters, there are also an amiably feckless junior member of Treasure's bank and a thoroughly unlikely, but entertaining American couple. The solution is absurd, but then so is everything else in this irresistible book.

Unruly Son by Robert Barnard. Collins. £3.75. 192 pages

For his earlier books, Robert Barnard chose strange environments: an Australian University, a touring opera company, an Anglican community. Now he treads more traditional ground, with a body in the library. This is a characteristic Unhappy Family story: a tyrant father (author of what sound like ghastly murder stories), two scapegrace sons, and a daughter not much more likeable, a vague wife, nasty servants. But to this material the author brings an admirable freshness of view, along with his now familiar wit. The writing is generally up to Mr. Barnard's high standard (though one regrets the unfortunate use of "hopeful" on page 125).

Havering trigger

BY PETER RIDDELL

Stained Glass by William Buckley Jr. Doubleday/W. H. Smith, £4.95. 232 pages

Relations between East and West since 1945—from cold war to détente and back (?)—have produced an increasing ambiguity in the spy novel in the past decade. The moral position *of the protagonists has become* confused and identification with an ideology or leadership has been blurred, often leaving only loyalty to friends, if that. Mr. Buckley recognises these ambiguities in his novel, but seeks to transcend them.

His hero, Blackford Oakes, a deep-cover CIA agent, is faced with the dilemma of assassinating a man whom he admires enormously for reasons which he considers to be false. The hero's target is in many respects a European version of himself—a Teutonic superman, running for Chancellor of West Germany in 1952 on a reunification platform, and thereby apparently risking a Third World War.

Mr. Buckley attempts to resolve this dilemma when Oakes is told at the end that it is wrong not to act merely because, in acting, we may prove to be wrong; complexity must not of itself ensure the triumph of ambiguity.

The moral vision of the novel is that those engaged in the cold war were right to believe in the fundamental ethical differences between East and West. The author clearly thinks that reunification could have been achieved without Russian intervention.

Mr. Buckley has, of course, been arguing this view for nearly three decades now, and the novel was about the only new medium left to him, apart from perhaps the symphony. He appears in a walk-on part in the novel as "old Razzia," a writer "whose mannerisms were widely known and widely caricatured, because of his depressing ubiquity: he was a syndicated columnist, a television host, an author, editor of his own magazine, and had now announced he would also write novels!"

The author's first novel, *Saving the Queen*, had left doubts about whether this further extension of the Buckley talents was justified. The plot was never really convincing and the flow was hampered by over-long references to the author's own training as a *deep-cover agent (in the CIA for* nine months) and to the earlier experiences of his hero.

Stained Glass removes many of these doubts. The plot is less cluttered, the characters have more substance and the flow is only occasionally marred by Mr. Buckley's tendency towards an over-elaborate style. And, perhaps fundamentally, the theme has more depth. The seriousness of the ideas under consideration is the key, even if many readers may not share the author's certainty in the resolution of the cold war ambiguities.

PARLIAMENT AND POLITICS

ecrets Act proposals anger Labour MPs

Rees remark on support for change fuels fury

Y IVOR OWEN, PARLIAMENTARY STAFF

UGGESTION by Mr. Merlyn , Home Secretary, that the paign for the introduction of reedom of Information Act little support in the country nsed Labour backbenchers he Commons last night and ght a demand for his gnation.

xplaining the Government's ons for not honouring the nise in Labour's last election ifesto to introduce such an he emphasised the practical culties involved and told Mr. ert Kilroy-Silk (Lab. Orms-) that he was unlikely to find e than two or three of his tituents showing any interest e subject in the forthcoming eral election campaign.

That is no excuse." protested . Jeff Rooker (Lab. Perry r), who maintained that one e functions of those aspiring igh office and leadership was ffer a vision to his fellow ens as they struggled with problems of living in a plex society.

You are neither fitted to hold o aspire to such leadership," told the Home Secretary.

wo members of Labour's onal executive, Mrs. Barbara tle (Lab. Blackburn) and Mr. Heffer (Lab. Walton) ed in the attack on the Gov- ment's refusal to bring in the mised legislation which, rding to Mr. Heffer, had ady been drafted and worked by the machinery of govern- t committee at Transport se.

Mr. Arthur Lewis (Lab. Newham NW) argued that hints of possible action at some future date to encourage more open Government would make little impact after four years of broken promises, while Mr. Michael English (Lab. Nottingham W.) endorsed the verdict of Mr. Emlyn Hooson (L. Montgomery) that despite the prolonged period of gestation the Government had delivered "an absolute mouse of a White Paper."

But the Government's second thoughts on a Freedom of Information Act were welcomed by Sir Michael Havers, shadow Attorney General, and Mr. Enoch Powell (UU Down S.) reaffirmed his belief that secrecy of deliberation and internal communication must always be of the essence of Government.

Mr. Rees highlighted the fact that the Government's proposals for replacing the "catch-all" Section Two of the Official Secrets Act envisaged that there should be no criminal sanctions for the disclosure of information in the economic sphere or for Cabinet and Cabinet Committee documents irrespective of their content and security classification.

In addition to creating a separate protected category for information relating to security and intelligience, it was also proposed to cover more defence and international relations information than had been recommended by the Franks Committee

But the Government had concluded that the test for criminal sanctions in these fields should—as the Franks Committee had recommended—be the test of *causing serious injury* rather than being merely prejudicial to the nation.

The Home Secretary said that the White Paper also made clear the Government's intention to extend the protection which the Franks Committee envisaged for confidences of the citizen.

"We propose not just to protect *any such information given to* the Government, but to protect confidential information held by the Government about private individuals and concerns, from whatever source it has come."

With regard to open Government in general, said Mr. Rees, the Government believed that reform of Section Two was not only a much-needed improvement of the criminal law but a necessary preliminary to greater openness.

Reiterating the Prime Minister's recent claim that much more information is now being release to the public, he spoke of the working assumption in Whitchall that once Ministers had reached their conclusion on a particular major policy study, associated factual and analytical material would be published.

Mr. Rees admitted that he had found classification one of the most difficult questions to resolve in preparing the White Paper. He promised that the Government would listen to other views.

He told Labour critics who pressed for a firmer commitment to more open Government that he doubted whether Britain should proceed in the same way as the U.S. with its Presidential form of government and the way in which Congress was organised.

The Home Secretary seized on Mr. Powell's preference for secrecy of deliberation to underline the need to keep Cabinet discussions confidential.

"If we are to take harsh *judgments in the interests of* the community, the judgment discussion is something which we *should* look at very carefully before we refer that to the general public," he said.

Mr. Heffer emphasised that a Freedom of Information Act was part of the philosophy of the Labour *movement* in Britain, distinguishing it from the attitudes adopted by Communist regimes in eastern Europe.

The Home Secretary vigorously denied a suggestion by Mr. Kenneth Warren (C. Hastings) that the refusal to introduce a Freedom of Information Act amounted to a tacit admission that the Government had been beaten by the Whitehall machine.

No blame could be attached to the mandarins in Whitehall, Mr. Rees insisted. "If there is any fault in that respect, it is mine and mine alone."

Minority parties back call for PR voting in Wales

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PROPOSAL from the House of Lords that proportional representation should be used for elections to the Welsh Assembly was opposed by Labour and Con*servative spokesmen in the* Commons last night but warmly supported by the Liberals and the Welsh Nationalists.

The Lords had inserted into the Wales Bill a clause stipulating that the additional member system of PR should be used. Under this method, a person would have two votes, one for a *particular candidate and one for* a party.

The number of votes for the party would then be totalled up and shared out proportionately among candidates on the party list.

But Mr. John Smith, the Minister in charge of devolution, said that the system would mean the election of 50 constituency members in Wales by the first-past-the-post system, and 25 by the PR additional member system. He recalled that the House had already rejected a similar PR system which the peers had proposed for Scotland.

The Government was not seeking to impose its views on thet House, however, and was allowing a free vote among Labour MPs.

For the Tories, Mr. Francis Pym saw considerable merit in the principle of PR for Wales, as he thought it might help to offset the large Labour majority there was likely to be in the assembly.

But he was personally doubtful about the particular method proposed by the Lords, although the Conservatives, like Labour, would allow a free vote.

He argued that the Welsh Executive would not be similar to the Westminster Parliament. So some of the arguments in favour of the traditional system for Westminster did not apply to the Welsh Assembly.

*The theory of the first-past-the-*post system was that it produced a strong Government. But, in the context of the Welsh Assembly, we were not contemplating the need for a strong Government.

Mr. Pym emphasised that the additional member system would result in two classes of assemblymen being returned. He felt, therefore, that the subject needed much more dis*cussion before the House could* accept it.

Mr. Emlyn Hooson, for the Liberals, accused Mr. Pym of making sympathetic noises on PR without actually coming out in support of it. The important thing was that the sysem inroduced angible benefits. If the Government accepted PR, he thought it would encourage the Welsh to vote for devolution in the referendum.

Mr. Hooson said a powerful argument against the assembly was that it would be dominated by Labour.

He recalled that at the last general election, Labour received 49.5 per cent of the votes in Wales and secured 23 seats. The *Conservatives* had 23.9 per cent with eight seats, the Liberals 15.5 per cent with only two seats, and Plaid Cymru 10.7 per cent with three seats.

This meant that the two minority parties, who favoured PR, had over 25 per cent of the votes but only five members between them.

"The thing is demonstrably absurd," he declared. "It is unfair, unjust . . . and the people of Wales realise this. You could have an assembly totally dominated by the Labour Party on a minority vote."

The Lords amendment was rejected by 227 (389-162), though support was greater than the 114 who voted for it when the *matter was last debated* in relation to Wales in March.

Liberal choice at S. Dorset

A SOLICITOR who resigned from the Conservative Party earlier *this year, has been chosen as* Liberal candidate to fight the Tory-held seat of South Dorset at the next election.

Mr. Peter St. John Howe was chosen after a special meeting of the party's association at Weymouth.

Section Two reform 'a necessary precursor of further change'

3Y RUPERT CORNWELL

E GOVERNMENT yesterday lished its proposals for lacing the notorious "catch- ' Section Two of the Official rets Act of 1911 with a amlined Official Information , making only disclosure of tain types of information a minal offence.

he long-awaited White Paper dges to pursue the "open vernment" policy enunciated the Prime Minister. But it es the most lukewarm of ws over the possibility of nging in a full-scale Freedom Information Act, along erican or Scandinavian lines, nsistently demanded by a e section of the Labour ty, the Liberals, not a few nservatives and many community groups, this would place onus firmly upon Whitehall divulge information, except in ew specially exempted cate- ies.

he White Paper has taken no than 20 months to formulate ce Mr. Merlyn Rees, Home retary, first outlined to the nmons the Government's eptance of the report of Franks Committee—itself lished back in September, 2—which concluded that tion Two, as it stood, was mess."

Vorkable

t declares that Section Two, ch theoretically can punish one who either discloses or eives any official information tsoever with up to two years' risonment, has inhibited civil vants and Ministers. "Reform not only a much-needed im*vement in the criminal law,* a necessary preliminary to ater openness in Govern- t," says the White Paper. w legislation that does rge will broadly be based on Franks recommendations. obviously, it cannot be brought forward this session, and, in practice, not until after a general election has been held (in every probability this autumn).

The new Bill would exonerate from legal sanctions receipts of, and unauthorised disclosure of, much official information. The very scope of the present Act has meant that it has been workable only because of the flexibility permitted the Attorney-General, who has to approve any prosecution.

The White Paper first lists the three areas recommended by Franks for protection, but which the Government proposes to exclude from the scope of criminal proceedings. These are:

1—**Economic information**, notably covering monetary, sterling and fiscal policy. The Government notes the important changes since 1971-72, when the committee's report was being prepared, now that fixed exchange rates have given way to floating rates.

2—**Cabinet and Cabinet Committee documents**, dealing with home and economic affairs. "The Government considers," says the White Paper, "that it is enough to rely on special distribution procedures, the sanctions of Civil Service discipline, and on Ministers' judgment."

3—**The use by Crown Servants of official information for their own gain.** This is due to be dealt with under planned legislation against corruption in public life.

Areas to be covered by sanctions will be those recommended by Franks: defence and internal security, international relations, law and order, and private information given confidentially by citizens or companies to departments. The Government also wants to add another category, dealing with intelligence and security.

On defence, internal security and international relations, documents to be specially protected would be marked DEFENCE-CONFIDENTIAL, in line with the Franks recommendations that such a classification should be applied where disclosure would do "serious injury" in the field of defence and international relations.

"DEFENCE - CONFIDENTIAL would not be extended to information concerned with international relations outside the defence arena, nor to defence information which would be no more than "prejudicial" to our interests if divulged. This can only be a matter of judgment," says the White Paper.

The law and order category essentially would operate where information wrongly supplied helped a crime to be committed, aided an escape from custody or any other breach of prison security, or interfered with police action against offenders.

The White Paper would afford greater protection to data supplied to departments confidentially by individuals and companies than foreseen by Franks, covering data not merely given to the Government, but all information already held by Government from wherever it has come.

Protected

All security and intelligence matters will be given the highest protection, whether or not they are classified. Franks originally had suggested that such information should only qualify if it had been classified SECRET.

As far as the public is concerned, it will no longer be an offence to receive protected information, but only to communicate it, and only then when the accused knew that it was protected. The new formulation will ensure that someone who has stolen information will be liable to prosecution, without necessarily someone else having provided him with the information illegally in the first place.

Before proceedings can go ahead, courts will require a certificate from the Minister in question that the leaked information was classified as protected. *His decision, in turn, will have* to be endorsed by the Attorney General (or the Advocate General in Scotland).

The White Paper acknowledges the Government's obligation to publish more information, and Ministers will "continue to develop their practice accordingly"

"The question is whether to go further and create a statutory right of access to information along the lines of legislation in some countries, notably the U.S. and Sweden."

To do so, comments the Government, would completely change the nature of its obligations. There would have to be *exemptions and exceptions* . . . "and, in any event, the provisions in both countries above cover at least as wide a range of matters as that to which legislation to reform Section Two of the Official Secrets Act would apply."

The White Paper raises the problem of cost, and the different *nature of* the U.S. constitution, whereby Ministers are not directly answerable to Parliament as in the U.K.

"This is a matter on which the *Government* has an open mind, but we regard reform of Section Two as a necessary precursor of further change. . . .

"Before deciding to go further, we shall initiate a more detailed study of overseas experience, and its relevance to our own constitutional system in order to see what further action may be desirable. We shall announce our conclusions from this study in due course."

'Glasgow Green' jobless conference refused

A CALL for a special conference on Scottish unemployment was rejected by Mr. Gregor Mackenzie, Scottish Minister of State, in the Commons yesterday.

Mr. George Younger, for the Conservatives said the conference should be held on Glasgow Green so that the 191,906 unemployed in Scotland could attend. It would also enable the 106,906 who had good jobs under a Tory Government to hear an explanation of Labour's slogan "Back to work with Labour."

Mr. Mackenzie said the seasonally adjusted figure in Scotland was down last month against the rise in the rest of the UK.

Mr. Norman Buchan (Lab. Renfrew W.) said that Conservative policy chief, Sir Keith Joseph, should be taken to any conference to explain the Tories' wish to cut all grants and subsidies.

The Conservatives were hypocritical about unemployment which they would double with their cuts in public expenditure, Mr. Buchan claimed.

Mr. Mackenzie said people were aware of the Tories' voting record. They had voted against jobs for shipyard workers and for car workers.

Welcome for modified price control proposals

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE ACCOUNTANCY profession yesterday gave a qualified welcome to the Government's proposals for modifying certain administrative aspects of price controls at the end of this month.

In a memorandum to the Department of Prices, the Consultative Committee of Accountancy Bodies, welcomed the abolition of profit margin control and the proposal to reduce the amount of paper work when notifying the Price Commission of price increases. But it argued that the changes did not go far enough.

The committee suggested that very small price increases should be exempted from the pre-notification requirement.

Tory peer attacks retrospective clause in Finance Bill

E LORDS gave a second read- to the Finance Bill last ht after a short debate in ch there were protests from Conservatives over the use which retrospectively s the use of commodity ire schemes as a means of avoidance.

or the Conservatives, Lord linson of Ewell said it was acting against the very concept of justice. The Government was combating a very objectionable device with a very objectionable remedy.

It was repulsive for a sovereign Parliament to make a matter a crime which was no crime when it took place. To use such an "arbitrary and authoritarian method" was setting a dangerous precedent.

Lord McCluskey, from the Government front bench, said that the clause was retrospective *to April 6, 1976. The tax avoiders* had entered into a scheme in order to claim an accounting loss. The schemes were quite artificially and arbitrarily created.

The Bill was read a second time without a vote.

In guidelines

THE GOVERNMENT is satisfied that the productivity element in the pay settlement reached in the electricity supply industry earlier this year is self-financing and falls within Phase Three guidelines, Mr. Alex Eadie, Energy Under Secretary, told the Commons last night.

He *was replying to* Mr. Norman Tebbit (C. Chingford) who asked whether the Government had investigated a claim by the general secretary of the Electrical and Plumbing Trades Union

Grants for gypsy sites

LOCAL AUTHORITIES are to be provided by the Government with 100 per cent grants towards the capital cost of sites for gypsy caravans, Mr. Ken Marks, Under-Secretary, Environment, said in a Commons written reply yesterday.

In the Government's response *to recommendations* made by Sir John Cripps in a report on accommodation for gypsies, Mr. Marks said there were probably 6,000 gypsy families who could find no place to camp legally.

The Government would introduce a specific Exchequer grant for local authorities to cover the capital cost of providing sites at the exceptional level of 100 per cent, the money to be found within the agreed housing programme year by year.

Mr. Marks said the Government agreed that in inner London local authorities should not have to provide for more than 15 caravans, but in outer London and the Metropolitan areas it was proposed to remove the limitation.

PPOINTMENTS

Three new main Board members at General Electric

Ir. R. J. Clayton, Mr. Angus ivy and Mr. David Powell have n appointed to the Board of GENERAL ELECTRIC COM- NY. Mr. Clayton is GEC's nical director and Mr. Powell managing director of that pany's diesel group.

★

Ir. W. Fieldhouse, chairman l chief executive of Letraset rnational, and Mr. C. A. mpson, co-ordinator of Shell micals, have been appointed -executive directors of CAR- GTON VIYELLA from August

★

Ir. A. D. Gemmill has been ointed a director of LAZARD OTHERS AND CO. Lazard has ently established an office in g Kong and Mr Gemmill will based there as its representa- in the Far East.

★

Ir. T. F. Honess has been ointed a director of BUTTER- LD-HARVEY. Mr. Honess is a non-executive director of Guest Keen and Nettlefolds and was formerly chairman and chief executive of GKN Sankey.

★

Mr. D. P. Donetil has resigned as a director of H. CLARKSON (HOLDINGS) and its subsidiaries. He was formerly deputy chairman and managing director of H. Clarkson (Insurance Holdings).

★

Mr. C. M. Cavaye has been appointed general manager and actuary of SCOTTISH WIDOWS' FUND AND LIFE ASSURANCE SOCIETY from October 1 in succession to Mr. G. A. Kingsnorth, who will retire on September 30. At the same time Mr. J. Elder will become deputy general manager and secretary; Mr. D. A. Park, investment secretary; and Mr. D. C. Ritchie, investment manager.

★

DALGETY has appointed Mr. David Jones as group comptroller and Mr. J. G. Hart as group treasurer from October 1. Mr. Jones will continue as chief accountant to the group and Mr. Hart will remain on the board of Dalgety UK as its finance director. Mr. R. N. Harris, the present group secretary of Dalgety, has been appointed group executive—corporate investment. Mr. J. G. Stirling will become secretary of Dalgety, retaining his position as secretary of Dalgety UK.

On September 30 Mr. M. J. Dowdy, at present finance director of Dalgety, will resign from the group to join SIME DARBY HOLDINGS in Kuala Lumpur as finance director (designate) and, in due course, to become a director of that company.

★

Mr. Alan Ponté, managing director and group chief executive of London American International Corporation, has been elected chairman of the BRITISH EXPORT HOUSES ASSOCIATION. Mr. Ponté has been on the BEHA Council, with particular responsibility for the interests of the export-finance house members since he joined London American five years ago as its managing director. Prior to that he had been a general manager of Lloyds Bank International (from its BOLSA component).

★

Mr. J. F. Pearce, having reached retirement age, has retired from the Board of Durapipe tired from the Board of DURAPIPE INTERNATIONAL and is succeeded as chairman by Mr. F. A. Powell, who continues as group managing director. Mr. A. D. Canning-Jones, formerly with Hill Samuel and Co., and previously a non-executive director has been appointed group deputy managing director. Mr. M. L. Evans has resigned from the Board of Durapipe International and is succeeded as managing director of the subsidiary company, Durapipe Limited, by Mr. B. L. A. Walker, who retains the position of group finance director of Durapipe International.

★

Sir John Lidbury, vice chairman and deputy managing director of Hawker Siddeley Group, has been appointed a director of INVERGORDON DISTILLERS (HOLDINGS).

★

Mr. W. P. Coe has been made a managing director of ALEXANDER HOWDEN INSURANCE BROKERS. Mr. J. L. Hill, Dott. A. Monneret de Villard and Mr. A. C. Tanner have been appointed directors.

★

RUBEROID has made the following three appointments from August 1: Mr. R. Newman, director and general manager of Ruberoid Contracts, to managing director; Mr. N. H. M. Hogg, director and general manager of Corruplast, becomes managing director; and Mr. A. J. Bourke has been made a director of Ruberoid Building Products from the position of chief accountant. He is also the company secretary of that subsidiary. Mr. J. G. Bass, at present sales director of Corruplast, is to be marketing director of Ruberoid Paper from September 1.

★

Mr. Roy Dantzic, Mr. Michael J. Cassidy, Mr. G. Dennis, Mr. Brakell and Mr. B. M. Walker have been appointed directors of the INVESTMENT TRUST CORPORATION. Mr. D. M. C. Donald, Mr. W. M. Cunningham, Mr. J. L. E. Smith, Mr. L. H. Jones and Mr. C. K. R. Nunneley have resigned from the Board.

★

Mr. Edgar C. Davis, assistant treasurer of INGERSOLL-RAND COMPANY, has been elected to the additional position of secretary from August 1. He succeeds Mr. Richard W. Kaufmann who is retiring as secretary and company counsel.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ELECTRONICS

ITT attack on liquid crystal market

PUTTING BRITAIN squarely on the map in the liquid crystal display market, ITT has invested about £2m in the establishment of a unit in Leeds, Yorks., for the production of displays of 12 mm character size and upwards.

The ITT plan is to avoid the smaller electronic watch displays, an area in which it is difficult to compete with high volume production from the Far East, concentrating instead on the less volatile instrumentation and clock market.

Production at the Leeds unit is currently about 1,000 displays per week; the figure is expected to approach 3,500 per week by the end of next year, climbing to 10,000 per week by the end of 1979.

The company's own research indicates that the world market for clock displays will rise from U.S.$8m next year to U.S.$75m in 1982. The predicted instrument demand is U.S.$5m rising to U.S.$25m over the same period. Of the total "greater than 12 mm" market, ITT aims to capture 25 per cent of European volume and 10 per cent of the world market within five years.

Emphasis is being placed on a quality product based upon a fused glass seal round the edge of the glass sandwich containing the liquid crystal material. The Leeds engineers see this as vital for a reliable display with long life, having rejected plastic seals due to their tendency to introduce contaminants into the liquid crystals.

The precautions taken in the Leeds clean rooms are considerably more stringent than those applied in semi-conductor manufacture and airborne particles have been virtually eliminated.

Starting point is a one foot square pane of thin glass selected for flatness. After coating with transparent conducting material the glass is cut to size and screen printed with the display segments. Subsequent etching leaves the required transparent, conductive alphanumeric patterns.

A narrow strip of glass frit paste is laid down around the edge of one plate to a precise thickness and is fired on. The second plate is sandwiched under precise pressure in an oven and the result is a plate separation that can be held to 12 microns, plus or minus three microns — an astonishing achievement but one that is crucial to obtaining a consistent turn-on time for the product. A small metallised hole is left at one end for filling purposes.

Liquid crystal fluid is forced into the tiny gap by evacuating an enclosure, immersing the edge with the hole into the fluid and then allowing atmospheric pressure to push the fluid in. The hole is finally sealed with solder.

GEOFFREY CHARLISH

● HEATING

Multi-role gas and oil burners

A SERIES of gas/oil burners for such tube firing applications as dye vats, asphalt kettles, deep fat cookers, pickling tanks, rendering vats, quench tanks and large salt baths is now on the market from combustion and chemical engineers, John Thurley, Ripon Road, Harrogate HG1 2BU, North Yorkshire (Harrogate 61511).

The burners are called Series "78" Tube-O-Flame and are available in six sizes within the 8 in to 12 in range with maximum heat releases from 340,000 Btu/hr up to 2,800,000 Btu/hr. They are supplied as complete dual fuel burner packages and no refractory is used.

Included in each package is the burner itself which requires only low pressure gas or oil at 100 psig, a motor driven combustion air blower, air-fuel proportioning and mixing system, oil solenoid valve for on-off control, oil pressure gauge, pilot solenoid valve, pilot adjustable orifice cock, spark igniter and provision for a UV flame detector.

Basic design is for use with natural, diluted propane, undiluted vaporised propane gases or No. 2 and lighter distillate oils. Other gases may be considered and applications also include cleaning-solution tanks, spray washers, indirect bake ovens and indirect air heaters.

● MATERIALS

Withstands the heat

A HIGH temperature insulation material composed of continuous-filament fibres of amorphous silica, said to be suitable for continuous operation at temperatures of up to 1000 degrees C —and withstanding much higher temperatures for short periods since it does not melt or vaporise below 1700 degrees C is being manufactured by The Chemical and Insulating Company, West Auckland Road, Darlington, Co. Durham DL3 0UR (0325 53881).

Known as Refrasil, it is available in various forms, including bulk fibre, batt, yarn, rope, cloth, tape and sleeving. For the molten metal industry, the material is said to provide a new and often superior alternative to materials currently in use.

A fourfold increase in service life has been recorded at a steelworks in the U.S., says the company, where the open-hearth door hoses—which are often engulfed in flames, splashed with hot metal, and subjected to waves of heat reaching 1600 degrees C—are now sleeved with the silica insulation protected by thin stainless steel mesh.

At another American steelworks, tuyere hoses protected with the silica insulation provided an alternative to the use of solid carbon-steel pipe, and despite splashing with molten slag, the hoses now last more than six months and, being flexible, can be replaced in 15 minutes with one man's labour.

Thermal conductivity of the material, even in cloth form at a temperature of 500 degrees C, is only 0.120 watts/m° C and it may be quenched from 1000 degrees C into cold water without appreciable effect. A chemically-stabilised form permits continuous service at temperatures up to 1400 degrees C.

● PROCESSES

Improved finish for leather

SOME 30,000 tonnes a year of special chemicals are now being used in the UK for tanning and dressing leather. Many of them are recent developments, used to replace the natural enzymes, waxes, etc., used in the industry for hundreds of years.

About 10,000 tonnes are used each year for surface coating and finishing—worth around £5m. Over 90 per cent of the grain or nappa leather (used for footwear uppers and clothing) has some form of surface coating, usually based on aqueous emulsion polymers (acrylics), cellulosic lacquers and polyurethanes. Small quantities of proteins and waxes are also used. Handbag manufacture takes about 10 per cent of the coated leather produced.

One of the problems confronting suppliers of chemicals in this field has been the reduction of the solvent content of the chemicals. Much research has gone into this.

Other factors which have stimulated this work, apart from rising costs and supply restrictions, have been the increasing emphasis on health and safety at work, and similar environmental considerations.

Much of the initial research has been concentrated on the tannery end of the business, and according to Rohm and Haas, one of the leading specialists in leather chemicals, only small successes have so far been achieved. On the other hand, the company says that, in the development of coating chemicals, it has made a significant advance.

For surface coating, the leather industry uses up to 3,500 tonnes of solvents annually—of which 98 per cent is lost, at a cost of around £1.7m. The loss occurs in three ways—by evaporation from lacquer coatings (55 per cent); by spray losses on application (40 per cent); and by mixing and cleaning losses (5 per cent).

Major advantage claimed by Rohm and Haas for its latest product is that its new acrylic top-coat is water-borne instead of being solvent based.

Called Primal WBT, the new top coat is intended to replace the traditional nitro-cellulose lacquers and lacquer emulsions in intermediate and final top-coats.

In both garment and shoe manufacture heat plays a part in the processing, and this can cause disintegration of the top coat. A typical example is "wrinkle chasing" on shoes, when a gas flame is used to pull out the wrinkles created at the welt when the upper is attached to the sole. Ironing is also used in "finishing" garments, with temperatures reaching 100 deg C.

The new top coat is unaffected by these temperatures and is also resistant to low temperatures, down to minus 20 deg C.

In this country, and in the U.S., increasingly stringent legislation is being introduced concerning the use of hazardous and toxic materials. In some instances, this has already ruled out the use of low flash-point solvents—a restriction which would not affect water-borne coatings.

Another problem, which particularly affects garments and shoes made of white leather, is migration of the plasticiser from vinyl trim and plastic soles, which causes staining and discolouration of the leather. The water-based coatings are said to be much more resistant to this than those containing organic solvents.

Using the water-borne coatings can also reduce costs, as lacquer emulsion applications can be lighter, since the Primal coatings carry about twice as much (20 to 25 per cent) solids as conventional coatings.

Rohm and Haas says that introduction of the coatings is leading to the development of colours not previously available. The leathers in these colours have a softer and more natural appearance and they are expected to make an impact on the fashion scene later this year.

More from the company on 01-686 8844.

TONY FRANCE

● CONFERENCES

Reaping the wind

BHRA FLUID Engineering w[...] hold its second internatio[...] symposium on wind ene[...] systems in Amsterdam fr[...] October 3-6, in conjunction w[...] the Netherlands Energy Resea[...] Foundation.

As renewable sources [...] energy are attracting wo[...] interest it is considered, at t[...] stage in the development [...] wind, wave and solar energy, t[...] amount of power generated a[...] the cost of its production is le[...] important than the need [...] develop as many forms of r[...] newable energy as possible, [...] a stage which would enable [...] reasonable choice to be made.

If wind energy is to contribu[...] significantly to energy requir[...] ments, large aerogenerators w[...] have to be used, and details [...] the design, construction and te[...] ing of a 17 metre, vertical ax[...] machine will be given in a pap[...] from Sandia Laboratories, U[...]

Representatives from Japa[...] the Netherlands, Sweden and t[...] U.S. will describe national wi[...] energy programmes, and techn[...] cal sessions will cover siting a[...] interaction; design and constru[...] tion of both horizontal and ve[...] tical axis turbines; and speci[...] applications.

Registration forms are ava[...] able from the organising secr[...] tary, 2 ISWES, BHRA Flu[...] Engineering, Cranfield, Bedfo[...] MK43 0AJ (0234 750422).

● MONEY

Counting banknotes

A BANKNOTE counting machine incorporating microprocessor control has been introduced by De La Rue Crosfield.

Loose banknotes are loaded into the machine at the top in quantities of up to 200, and they are delivered at the base of the machine in the quantity requested.

It will count into pre-set quantities of 10, 100 and one other quantity between 0 and 99—this third quantity can be preset to suit the customer's particular requirement. The LED display indicates the individual batch count and a cumulative count is retained in the memory of the machine, recallable at the touch of a button.

Most significant advantage of the machine over other systems, says the maker, is its accuracy, while maintaining high speed counting. The "intelligent" micro-processor control enables the machine to accurately count varying conditions of notes. Constant width and thickness comparisons are made between notes; as a result, the machine can analyse the notes, including those in poor condition (e.g. repaired with tape, folded, etc.), and determine the actual number present so that counting can continue without interruption. However, if any note is suspect an error code will be displayed to warn the operator and the machine will stop, enforcing a recount.

More from the company at Instruments Division, Walton Road, Portsmouth PO6 1TJ (07018 83161).

● SAFETY

Explosions less likely

STORAGE OF inflammable fluids in drums is a constant danger, and a solution is offered by Beakbane of Stourport Road, Kidderminster, with the introduction of the Centry Vent III automatic safety valve, which is re-usable from drum to drum, reduces air pollution and fluid loss and prevents explosion even when the drum is surrounded by fire.

The all-brass unit cannot be dismantled—it is totally tamper-proof—and is said to be easy to instal, with a two-inch thread which fits the bung-hole of standard drums and can be positioned in either the side or end of the drum.

Explosion prevention, smooth flow and liquid conservation are said to be the three main benefits and should the drum be surrounded by fire the gases are vented outside automatically. A control plunger lifts once the pressure reaches 5psi, allowing gas to escape through fire screens. When fluid is withdrawn from drums, atmospheric pressure against a disc at the base of the inner chamber of the valve compresses a light spring and opens the internal parts to break the vacuum automatically, offsetting vacuum build-up, thus assuring smooth flow.

● METALWORKING

Non-ferrous rolling mill

THE FIRST new rolling mill t[...] be installed in the UK designe[...] primarily for rolling continuou[...] cast non-ferrous base material [...] will be commissioned next Janu[...] ary at B. Mason and Sons o[...] Birmingham.

The four-high reversin[...] precision mill is to be supplie[...] by Sack Engineering Compan[...] of Wolverhampton and i[...] designed for inclusion in [...] streamlined production plan a[...] Mason's new Warley factory.

The mill will reduce nicke[...] silver, phosphor bronze, bras[...] and other copper alloy strip [...] from 12 mm to 2 mm thicknes[...] with extremely close thicknes[...] tolerance throughout the lengt[...] of the heavyweight continuou[...] cast coils.

More from Sack Engineerin[...] Company, Wolverhampton (090[...] 771031).

Custom-built at high speed

GEC SEMICONDUCTORS made it clear at its Wembley, Middx. plant yesterday that whatever the outcome of the negotiations with Fairchild or any other U.S. integrated circuit company, it will continue to push ahead with the design and production of circuits that are exclusive to the customer.

Business at Wembley has been growing at 40 per cent per annum over the last three years and employment has about doubled in that time. Research and development expenditure has been running at about £½m per annum and in the last year over £1m has been spent on capital equipment, including main frame computers for design, test pattern generators and automatic testers.

The work has been about equally spread over the military, telecoms and industrial markets, although by 1979 consumer circuits—Teletext, Viewdata and telephone push button circuits in the main — are expected to amount to about 15 per cent.

GEC Semiconductors is also tending to do less work for in-house purposes—the percentage will have dropped from 55 per cent to 40 per cent by 1979. It claims a growing ability in volume production, having supplied 250,000 push button circuits to the Post Office.

But of particular interest is the announcement of Cellmos, a new service in which the customer can design a circuit in symbolic logic diagram form from standard logic cells, or circuits from a GEC library. The computer does the rest—apart from some customer approval and checking — reducing the whole design process from several weeks to several minutes.

With the design cost thus reduced, LSI is opened up to manufacturers of quite short runs of instruments, for example.

The computer optimises the cell placements and inter-connections and prints not only a complete chip lay-out but also the corresponding logic diagram for checking against the original design, together with a magnetic tape.

Masks are made from the tape on a newly acquired U.S. machine at only 10 times full size. Replacing all the old stripping and peeling processes using Rubylith on a drawing board, the tape is left to play overnight and the masks are ready the next morning for the step and repeat cameras.

● MARKETING

Agreement to market terminals

IN A MOVE to expand the customer base in the numerical control market for its terminals, Transdata, the UK-based hard copy terminal manufacturer, has signed an agreement with Ultronic Data Systems (Dowty Group), whereby Ultronic will exclusively sell Transdata terminal equipment into the numerical control market place.

UDS is a specialist in n/c applications with 14 years experience. In the first year of its operations, the agreement could result in £250,000 of sales for Transdata.

Transdata on 04-240 2713: Ultronic on 0842 [illegible]

● RESEARCH

Virtues of catamarans

STUDY NOTES of catamarans by the British Ship Research Association, and originally confidential to its member companies, are now available for general sale.

The memorandum summarises current international design knowledge on catamarans as well as information regarding service performance, and discusses the feasibility of building large, high-speed, ocean-going vessels. One of the conclusions is that catamarans may be superior to single-hulled vessels for certain applications by virtue of their relatively large deck areas and good transverse stability, manoeuvrability and course-keeping qualities ahead and astern.

Wallsend Research Station, Wallsend, Tyne and Wear NE28 6UY. 0632 625242.

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THE JOBS COLUMN

Practical policy for invisible in-betweens

BY MICHAEL DIXON

WELL DONE, the British Institute of Management. With every pointer available to me now indicating an October general election, the BIM emitted yesterday what, to my knowledge, is the first manifesto of the campaign.

If the institute has got there the fastest with its Managers' *Manifesto, however, it certainly* cannot fulfil the essential second condition of the old prescription for military success by getting there also with the mostest.

Even if the BIM represented all the un-numbered managers in the country, they would still be a minority (although the differential fertility rates *between chiefs and indians in* the public services, particularly, may be working to change this).

But the institute's 60,000 members constitute *only a small* proportion of the managerial minority. So there is little muscle behind the manifesto's *demands that the institute* should have formal representation, along with the Confederation of British Industry and the *Trades Union Congress, in the* extra-parliamentary processes which nowadays forge the Government's industrial *strategy and* Budgets.

These processes, such as the National Economic Development Council, while all too practical in their effects, are essentially theoretical processes. Their theory is that there are *only "two sides" in industry.* So they are constitutionally incapable of seeing that the British Institute of Management has anyone to represent.

The theory of only two sides to industry, notionally represented on the one hand by the CBI and on the other by the TUC, is nonsense of course. Every day one meets workers who are clearly neither capitalists or their lackeys, nor proletarians or their vanguard.

Bread ration

But the practical fact is that *these in-between people's accus*tomed shares of bread and butter depend not so much on the in-betweens' practical existence as *on their theoretical* existence. And they currently do not have any.

The institute is no doubt *right to want to have the pre*vailing theory amended to take account of the observable reality. But in wishing to represent the *in-betweens'* interests, it is hampered by a difficulty which perhaps explains why the BIM's policies so often bear a suspicious resemblance to those of the Confederation of British Industry.

It is the difficulty—which bedevils almost the whole of what is misleadingly called *social* science—of reaching watertight definitions of particular groups of people.

The institute cannot define those whom it thinks it should represent by the term "middle managers" unless it is prepared *to answer the challenge also to* define with theoretical precision whom they are between.

To attempt to do that would probably defeat its own purpose. Many real managers are likely to be too ambitious to identify themselves with the "middle." And being commonly preoccupied with pressing problems such as how to dissuade the ladies on the assembly line from all trooping off to the washroom together, practical managers could well not be bothered even to read a definition long and complex enough to state what the "middle" meant.

Fortunately, there is a potential solution. It lies in the fact—which constantly irritates social scientists—that human distinctions which defy definition by the intellect, are often easily recognised by the senses.

Take for example the notion of social class, which is clearly not quite the same thing as "socio-economic grouping." Sociologists have for long been trying to reach a definition which would enable them accurately to differentiate between people according to their *social class. So far, to my* knowledge, they have not succeeded. But someone such as the head waiter of a good restaurant can tell which social class people belong to, and do so within extremely fine tolerances, almost as soon as they come in through the door.

Employed

And in the case of the theoretically non-existent in-betweens, the people who can be relied upon to identify them most accurately are surely the in-betweens themselves. I am one of them and so no doubt are most of the readers of this column—managers and specialists who are interested in working primarily, not as employers, but as people employed in or seeking jobs whose duties may or may not include the recruitment of staff on their employer's behalf.

Ironically, one thing we in-betweens tend to have in common is a distinct lack of the group spirit. Perhaps it is because most of us still, having done National Service, took the serviceman's traditional solemn vow never to join anything else ever afterwards, not even a Christmas club. So I suspect that few of us would leap to join the British Institute of *Management, even in order to* get some official notice taken of us again.

But the least we can do in our own interests is surely to send to the BIM for a copy, price 75p, of the Managers' Manifesto (*the address is Management* House, Parker Street, London, WC2 — telephone 01-405 3456). Then, if we find ourselves broadly in agreement with it, we can write to the institute saying who we are and which parliamentary constituency we live in, roughly what we do and how much we are paid, and where we disagree with the manifesto's statements.

As a result, although the BIM might not be able to claim the in-betweens as members, it *might have enough data before* the next election to wrap some statistics around them and so give the in-betweens a theo*retical existence, even if only as* wooable voters in marginal constituencies.

The key question, of course, is whether the response to the institute's initiative will be sufficient to substantiate its case. While doubtless joining the BIM in hoping so, I cannot feel certain one way or the other.

What I do know, however, is that unless we in-betweens are prepared to go to the trouble of making our presence known politically, we can have no excuse if what C. Wright Mills said of the American white-collar class eventually becomes true of us. He *said:*

"Whatever common interests they have do not lead to unity; *whatever future they have will* not be of their own making."

Gang of Four

LAST WEEK I wrote that Peter Wann, formerly of the "Gang of Four" economics department at the London branch of the U.S. investment bank White, Weld which was acquired in April by Merrill Lynch, has since moved "with colleagues" to the other U.S. investment bank, Paine Webber.

This has caused concern among those who have remained with *Merrill Lynch,* lest it should have been taken to mean that the whole White, Weld economics department has moved elsewhere.

It has not. Although former colleagues from other departments have also gone to Paine Webber, Mr. Wann is the only member of the Gang of Four to have done so.

Management Consultant

Computers
West Yorkshire, to £8,000

Our client is a well established and respected firm of Chartered Accountants operating on a broad client base both nationally and internationally. The requirement is for a professional consultant to operate within the Management Advisory Services Division of the firm. Reporting to the Executive Director responsibility will be in two main areas; feasibility studies, selection and advice on the installation of mini-computers for clients, together with program implementation; file interrogation and data capture techniques for large client installations. Candidates aged 28 to 40 will have a degree or professional qualification with up to date knowledge of the market place and sound computer experience either in a consultancy capacity or senior management position. Additionally they will be self-starters with the imagination and confidence necessary to operate at senior executive level in all aspects of industry, commerce and local government. The benefits package and prospects are first class.

P. Adderley, Ref: 11110/FT

Male or female candidates should telephone in confidence for a Personal History Form to:
LEEDS: 0532-448661, *Minerva House, 29 East Parade, LS1 5RX.*

Hoggett Bowers
Executive Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, and SHEFFIELD.

GROUP FINANCIAL ACCOUNTANT

West Midlands

from £7,500 + Car

An expanding Engineering Group requires a Financial Accountant.

Reporting to the Group Financial Controller, the Financial Accountant will be responsible for the financial and management accounting function.

Candidates should be between 30 and 35 years of age and must have a recognised accountancy qualification, together with considerable experience in industry.

The initial salary is negotiable from £7,500, and a company car will be provided. There is an excellent pension scheme and assistance will be given with relocation expenses, if necessary.

Write Box A.6422,
Financial Times,
10, Cannon Street, EC4P 4BY.

Corporate Finance

Leading International Merchant Bank seeks an M.B.A.

Our Client is a prominent and well established Merchant Bank with an active and diversified Corporate Finance department.

Expansion of the department's activity necessitates the recruitment of an additional team member to assist in the development of the bank's fee-earning and specialist financing activities which include cross border leasing and taxation consultancy.

Ideal candidates for this position will be numerate business graduates, probably in their late 20's, with a background in corporate finance and/or leasing with an international or merchant bank. Personal qualities of initiative, maturity and self-motivation are regarded as essential, particularly since a high degree of customer contact and some international travel will be involved.

This is a most attractive and challenging role with a compensation package to match.

Contact A.J. Tucker M.A., A.I.B. in confidence on 01-248 3812

NPA Recruitment Services Ltd
60 Cheapside · London EC2 · Telephone: 01-248 3812/3/4/5

CONTROLLER AND COMPANY SECRETARY

Berkshire c. £8,000 + Car

Our client, the UK subsidiary of a US based corporation, imports and markets brand leading consumer products to retailers in an established but competitive environment.

Prompt and meaningful reporting of trading trends and results, combined with tight controls over inventories, receivables and cash flow, are essential to the company's future prosperity. A male or female qualified Accountant, with appropriate commercial experience is therefore sought who will report to, and work closely with, the UK Managing Director.

Initiative in accounting and financial matters and an ambitious concern for overall business development are qualities which will be recognised and suitably rewarded.

Please send brief personal and career details, in confidence, and quoting reference A89 to:

Douglas G. Mizon,
Whinney Murray & Co.,
57 Chiswell Street,
London EC1Y 4SY

TAXATION MANAGER

International Operations

c. £10,000 & car

The Quarry Products Division is a highly successful member of the Tarmac Group. We are leaders in the aggregates industry with diverse operations on an international scale. To meet the increasingly complex problems of taxation in a £170m+ turnover business, we are making a new appointment of Divisional Taxation Manager. The effective management of our corporate taxation affairs is crucial and the requirements of this post are correspondingly demanding. The Taxation Manager will operate in a multi company context including overseas companies, providing comprehensive advice and direct involvement in a very wide range of taxation affairs.

Applicants must be professionally qualified, preferably in Accountancy, and have at least 5 years' in depth experience of corporate taxation and related areas, gained in industry, the profession or the Inland Revenue. Senior management experience is essential, coupled with the ability to deal effectively with directors, colleagues and outside agencies.

We offer a challenging new appointment with excellent career possibilities in an international group. The salary and benefits package will be in line with large company practice, and includes a first class contributory pension and life assurance scheme.

Candidates, male/female, should write with full c.v. to:-

R.D. Symons,
Tarmac Roadstone Holdings Ltd.,
Roadstone House, P.O. Box 44,
50 Waterloo Road,
Wolverhampton WV1 4RU.

Tarmac ROADSTONE

N. M. Rothschild & Sons Limited

Latin America

N. M. Rothschild & Sons seek an additional executive for their Latin American team. The work involved would have a bias towards corporate finance.

The ideal candidate would probably be aged 25-30 and would have 3-4 years' experience in merchant banking or other financial activity, such as accountancy, law or other financial aspects of industry or commerce.

Knowledge of Portuguese or Spanish or, alternatively, a proven ability to learn languages, would be essential.

After some months in London to become thoroughly conversant with the business of the firm, the person chosen would be expected during his career to work for periods in our Latin American offices as well as in London.

Please write in strict confidence with full details of career to date to:-

Personnel Director,
N.M. Rothschild & Sons Limited,
New Court, St. Swithin's Lane,
London EC4P 4DU.

CREDIT ANALYST

North American bank wishes to appoint an experienced analyst with international banking background to provide back-up to lending officers. The post entails credit analysis as well as client contact and could lead to lending officer status. Ideally aged between 25/35 with possibly a degree or professional qualification. Salary up to £7,000.

ACCOUNTS MANAGER

A North American bank seeks to appoint a person in their mid 20's who has either recently qualified in the accounting profession or, alternatively had 3/4 years' experience of computerised accounting systems, Bank of England and VAT returns, and internal management reporting. Excellent future prospects. Salary up to £7,000.

LOANS ADMINISTRATION

We presently seek two people with experience in Eurodollar syndication loans, documentation, agreements, rate fixings, etc. Salary will be around £6,000 and the position could lead to credit analysis or corporate finance for the right candidates.

These positions are open to male or female applicants.

BSB Banking Appointments
115-117 Cannon Street, London EC4N 5AX Telephone 01-623 7317 & 01-623 9161
Recruitment Consultants

Executive Syndicated Loans

C. US$35,000 + Accommodation, car, bonus — The Gulf

One of the largest commercial banks in The Gulf, now in a phase of dynamic expansion, requires a loan executive in its investment and corporate finance department to assist an established team in developing its international lending operations.

Candidates in their early thirties, should have a sound background of putting together syndicated loans and/or performance guarantees and all aspects of international trade financing, together in each case with a detailed knowledge of documentation. This appointment offers excellent scope for career development and capital accumulation.

Benefits include free medical facilities and 45 days holiday each year. Renewable contracts are for 2 years.

Applications in confidence quoting ref: 6264 to B. G. Luxton, Mervyn Hughes Group, 2/3 Cursitor Street, London EC4A 1NE. Tel: 01-404 5801.

Mervyn Hughes Group
Management Recruitment Consultants

SENIOR INTERNAL AUDITOR—BANKING

Age 28-45 — £ negotiable

International Merchant Bank in the City requires able and decisive person to assume responsibility for its Audit function.

The successful Candidate will have an in-depth knowledge of Internal Audit work, and be fully conversant with the accounting required for Foreign Exchange and Eurobond Trading.

This is a key appointment, and the appointee will report directly to the Chief Executive.

To discuss this position, in complete confidence, please telephone Rod Jordan (General Manager)

BANKING PERSONNEL
41/42 London Wall · London EC2 · Telephone: 01-588 0781

ASTLEY & PEARCE LIMITED

Vacancies exist for Foreign Exchange personnel with two or more years experience.

Please reply, in confidence, to The Director, Foreign Exchange, 20 St. Swithin's Lane, London EC4N 8EN.

Regional Financial Director

A Fortune 100 U.S. based multi-national in health care consumer products seeks a Regional Financial Director for Benelux/Scandinavia. Based in Amsterdam and reporting to the Regional Director, responsibilities include the roles of Chief Financial Officer, Netherlands, and Senior Financial Staff Officer in the region for treasury, accounting, EDP and legal functions.

The position requires a CPA or equivalent accounting qualification, or an MBA, 10-15 years' in controller and/or treasury functions with manufacturing multi-nationals, now in a senior capacity. Some auditing or banking experience is desirable. The post offers excellent remuneration and opportunity for a performance oriented, creative yet pragmatic financial man.

The identity of candidates will not be revealed to our client without prior permission. Applications, quoting Ref. A/927/FT, should include details of age, experience and current salary and be sent to:

PA Management Consultants BV
184 Keizersgracht, 1016 DW Amsterdam, Holland. Tel: Amsterdam 23 66 82

PA

A member of PA International

Opportunities in Money Broking

We're looking for ambitious people to join our expanding organisation. We are M.W. Marshall & Co. Ltd., one of the world's leading international Money Brokers, and we have vacancies for dealers in a number of departments in our London office.

The job calls for energy and initiative with the ability to work as a member of a small close-knit team.

These qualities are more important than experience, although a financial background would be an advantage.

We offer a competitive salary which, after a period of training, will be related to initiative and performance. There are also excellent opportunities to work in one of our 12 overseas offices.

If you are interested in joining us, please write with full details of your career to M.J. Warren, Managing Director, M.W. Marshall & Co. Ltd., 52 Cannon Street, London, EC4N 6LU.

Marshalls

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

BANKING HALL MANAGER — c. £9,000

A leading Accepting House requires an experienced banker to manage its West End office Banking Hall. The ideal candidate will be working for a clearing bank branch in the West End, probably as an assistant manager. The position will involve considerable customer contact, developing new business and maintaining existing relationships.

Contact: Mike Pope

PENSIONS/BENEFITS ADMINISTRATION — £ Negotiable

This vacancy occurs within the Personnel Department of a leading merchant bank (Member of the Accepting Houses Committee). The bank wishes to engage a person who has substantial experience to offer in the field of Fringe Benefit Administration, and who, in particular, can show a creative approach to the tailoring of individual pensions while working in conjunction with professional advisers. The successful candidate will work within a professional personnel team and will receive a generous salary commensurate with experience.

Contact: David Grove

GRADUATE CLEARING BANKER — c. £5,000

We have been requested by a number of banks to seek young people, 23/28, who upon graduating from university within the past few years, joined a Joint Stock Bank but now find that advancement is blocked. The positions include Trainee Credit Analyst, Corporate Finance Trainee and an entry into the International Lending field is offered. A business oriented degree and knowledge of another European language would be an added advantage.

Contact: Richard Meredith

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

Which? Pensions Administrator

Central London — to £8000

Consumers' Association, (T/O £6m) publishers of Which? magazine, have created the post of Pensions Administrator. They have in mind someone (male/female) with wide experience of pensions and related financial matters, a feel for personnel and a penchant for detail. Reporting to the Head of Finance, the Administrator will be responsible for the management and routine operation of the pension scheme (including maintenance of records), counselling staff, liaising with the major insurance company funding the scheme and acting as Secretary to the Trustees of the Pension Fund. REF: 457/FT. Apply to R.P. CARPENTER FCA, FCMA, ACIS, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel: 01-636 0761.

Phillips & Carpenter
Selection Consultants

MAYFAIR ESTATE AGENTS ACCOUNTANT

PROPERTY MANAGEMENT DIVISION

An opportunity exists for an ambitious accountant capable of controlling a mechanised system in property management and able to present information required by management and clients. The role will be demanding and interesting and full responsibility will be given in this expanding division. A good salary will be offered with scope for advancement.

Please ring Christopher Blyth Tel. 01-499 9863

Young Financial Controller

Hertfordshire, from £10,000 + car

Our client is the UK subsidiary, turnover £100 million, of the largest US pharmaceutical corporation. Internal promotion in the UK company has created this new position: reporting to the Director, the function will have full responsibility for financial control within the company, managing a department of 35, including 4 qualified staff. The ideal candidate will be aged 28-32, qualified, experienced in US-oriented operations, and able to demonstrate particular strengths in man-management and EDP. The prospects for a good performer are excellent.

Mrs. Indira Brown, Ref: 19109/FT

Male or female candidates should telephone in confidence for a Personal History Form to:
LONDON: 01-734 6852, *Sutherlund House, 5/6 Argyll Street, W1E 6EZ.*

Hoggett Bowers
Executive Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

CJ RECRUITMENT ADVERTISING
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

THIS IS A UNIQUE OPPORTUNITY FOR A UNIQUE PERSON — HENCE SALARY NEGOTIABLE.

FINANCIAL CONTROLLER AGED 35-50

LONDON — NEGOTIABLE SALARY

FOOD MANUFACTURERS WITH TURNOVER IN EXCESS OF £150 MILLION

The successful candidate will be responsible direct to the Board of this major subsidiary of an international food group for the complete accounting function of over 20 operating units in the United Kingdom. Having proved his/her worth as a member of a small and energetic management team, a Board appointment could be anticipated. He/she must have had relevant experience in a substantial manufacturing company. This is a unique opportunity for a unique person — hence salary negotiable.

Please write in confidence to:

L. G. HARPER, HOWARD, TILLY & CO., COMMONWEALTH HOUSE, 1 NEW OXFORD STREET, LONDON WC1A 1PF

Company Secretary

Major International Company

Central London: c £12,000 and car

Following a promotion and recent re-organisation, an experienced Company Secretary is required for the principal operating subsidiary of a leading blue-chip group. In addition to the full range of secretarial functions which are supported by specialists, the appointment involves an additional role of an advisory and communications nature at various levels throughout the group within a small team in Central London.

Candidates should be university graduates, probably aged 30 to 35, and should be chartered secretaries or legally qualified. Relevant experience in a sophisticated group would be preferred.

Exceptional prospects of advancement are planned leading to promotion.

Please telephone (01-629 1844 at any time) or write for information, quoting ref. B.8180, to B. G. Woodrow, MSL, 17 Stratton Street, London W1X 6DB.

This appointment is open to men and women.

MSL SPECIALIST RECRUITMENT
CHARTERED SECRETARY

A leading international financial institution of the highest reputation is anxious to attract a

Project Finance Manager

who will be engaged in identifying, analysing, structuring and selling financial services in the Middle and Far East.

It is considered essential that candidates should have had experience in developing countries and in the marketing and selling of financial services in addition to previous service in investment or commercial banking, or alternatively in a multinational company.

The requirement is for someone with entrepreneurial instincts and an excellent educational background, which could include an M.B.A. or a legal degree. In view of the emphasis which is placed upon the quality and attainments of the successful candidate, the salary and other fringe benefits offered are particularly attractive.

Comprehensive details of career should be sent in confidence to:

Box 2141, Gould & Portmans Limited,
Caroline House, 55/57 High Holborn, London WC1

COMMERCIAL MANAGER

Age 28 40 — **c£7,500**

A well-known City Bank seeks to appoint a mature and capable Banker with extensive knowledge of import/export finance gained from within an International Banking House. Full exposure to E.C.G.D. negotiations and agreements is essential, as is the ability to represent the Bank. European languages would be an additional advantage, and the successful candidate will exhibit personal qualities of leadership and self-motivation.

In the first instance, please telephone, in confidence, Mark Stevens

ACCOUNTS MANAGER

Age 25-30 — **c£6,750**

Expanding Bank in City requires person with minimum 4 years' experience in all aspects of currency accounts, to control department of 6 staff. Fringe benefits include bonus.

Please telephone Rod Jordan

TRAINEE CREDIT ANALYST

Age 23-26 — **£5,250**

Major U.S. Bank seeks 3 young Bankers with sound Charged Securities experience and min. Part 1 A.I.B. to join lending teams. Ideal opportunity for ambitious Clearing Banker.

Please telephone Brian Durham

If you are seeking to further your career in Banking, our Consultants would be only too pleased to discuss your requirements

BANKING PERSONNEL
41/42 London Wall · London EC2 · Telephone: 01-588 0781

FINANCIAL CONTROLLER

SAUDI ARABIA

c. £16,000 p.a. Tax Free

Our clients, a major administration and support services company, who are expanding their operations in the Middle East, are currently seeking a Financial Controller to be based at their Headquarters in Dammam. Applicants should be professionally qualified, have strong financial management experience, coupled with an entrepreneurial flare, and be able to cope with a rapid expansion programme.

The post will involve considerable travel within the Kingdom and will be initially on an unaccompanied basis although married status will be considered after a three-month period. Fringe benefits commensurate with the importance of the post will be provided with a generous leave allowance.

Applicants should write with career résumé quoting reference 12 FC/161 to:—

F. J. SELLECK ASSOCIATES (U.K.) LIMITED,
International Recruitment Consultants,
Prospect House, 17 North Hill, Colchester, Essex CO1 1DZ.
Telephone: 0206 65252

Divisional Director–Supply

Defence Equipment Contracts Overseas

for International Military Services Limited who are contractors and act as the commercial arm of the M.O.D. In ten years the Company has built up turnover of £250m. a year: it is still growing steadily.

This is a new appointment with accountability to a Main Board Director for the general management of a division with a staff of 50 and with a contract turnover of £185m. a year. The task is to follow up sales initiatives, to negotiate and ensure the procurement of equipment and the fulfilment of contracts for the supply of defence equipment and systems. Close co-operation with British manufacturers and the M.O.D. is essential.

Candidates, not over 55, must be able to demonstrate, from their background and experience of export business in capital industry, an ability to handle defence sales to overseas governments.

Commencing salary not less than £10,000 p.a., London based.

Please telephone (01-629 1844 at any time) or write – in confidence – for more information and application form. G. V. Barker-Benfield ref. B.8187.

This appointment is open to men and women.

MSL United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U S A.

International Management Consultants
17 Stratton Street London W1X 6DB

Partnership Accountant

Due to rapid growth, a well established firm of solicitors, with offices in the City and Guildford, specialising in shipping, insurance and transportation work, wishes to appoint a young Accountant based in Guildford, to assist the firm's Partnership Secretary in a wide range of activities.

The candidate appointed to this new position will be responsible for the preparation of the firm's financial and management accounts and the administration of the Accounts Department. Additional duties will include aspects of office and personnel administration as well as the transfer of management information from its present mechanised form to a computerised system.

Suitable applicants will be qualified accountants in their early twenties. A salary of £7,000 including bonus will be offered, together with other fringe benefits.

Please phone for application form, or write with adequate particulars to Diana Ashman, Personnel Services Division of:–

Spicer and Pegler
Management Consultants,
3 Bevis Marks,
London EC3A 7HL.
Tel: 01-283 2683

TIP GENERAL MANAGER

Accounting and Administration

Transport International Pool, world leader in trailer rentals, and part of an international transport management group whose sales revenue in 1977 exceeded $200 million, seeks a General Manager, Accounting and Administration, to be based in its Amsterdam Office.

If you are aged between 30 and 40, are a qualified accountant, and are used to contributing significantly to the efficiency and profitability of companies with which you have been involved, then you could be the person we are seeking.

If, in addition, you have at least five years' management experience, are fluent in English and German, and preferably also in French and Dutch, and would welcome the chance to be part of the management team of a fast-growing company, in a new and exciting field.

Please write in confidence, to J. A. Cleary, Transport International Pool Ltd, Star House, 69-71 Clarendon Road, Watford, Herts., giving a day-time telephone number.

Salary will not be a limiting factor for the right person of either sex.

Transport International Pool

BANK APPOINTMENTS

FX DEALERS — £7,500-£8,000
2 vacancies. Age 25+. up to 5 years' dealing experience.

STERLING DEALER — £7,000-£8,000
Age 25+ with good previous banking experience.

HEAD OF IMPORT/EXPORT SECTION — £5,000-£7,500
Age 35-45. Fully experienced ECGD with working knowledge of European finance availability.

INTERNAL AUDIT — £5,000-£6,000
2 vacancies. Age 30'ish. International or Merchant Bank background.

CREDIT CONTROL/LOANS ADMIN. age 25-30. — £5,500-£6,500

EUROBOND SETTLEMENTS PEOPLE — £3,500
2 vacancies. Age 20+.

For these and many others call Della Franklin
248 6071 or 236 0691
ALANGATE EMPLOYMENT AGENCY

DIVIDENDS CLERK

c. £5,000 inc. bonus. Age 20+.
Ring Mr. Robson,
C.B. PERSONNEL
01-493 5641.

INDUSTRIAL RELATIONS MANAGER—EUROPE

FROM: £10,000

U.S. electronic company is seeking an individual to assume responsibility for its European industrial relations activities. This assignment will include recruiting, record maintenance, training, contract negotiation and the development, implementation and administration of personnel policies and procedures for subsidiaries located throughout Europe.

This position will be sited in north-west London and will require extensive travel throughout Europe as well as periodic visits to the Corporation's headquarters in the U.S. The successful candidate will have had extensive experience in industrial relations in a multinational environment. The preferred fields of experience include: works council/union negotiations, compensation and benefit programme development, management development and training programmes, development and administration of marketing incentive programmes and expatriate administration. Fluency in other languages besides English would be beneficial but not essential.

The successful candidate, male or female, will receive the benefits of a large corporation including relocation to the extent necessary.

Please write, briefly, enclosing career details to Box A.6420, Financial Times
10, Cannon Street, EC4P 4BY.

CLUFF OIL

the independent oil exploration company based in St. James's has an immediate vacancy for a young, experienced and imaginative

CHIEF ACCOUNTANT

to exercise via a small manual accounts department, integrated fiscal control of a diverse group of companies.

The successful applicant, who must be qualified, will be directly responsible to the Financial Director. He/she must however have not only the ability to function autonomously, but also the wish to quickly become part of the management team of a progressive company.

Salary and benefits will be highly competitive for the right person, and commensurate with the challenging and responsible position offered.

Please send a brief but comprehensive CV with full details of your professional experience and the type and level of your previous responsibilities to:

Anthony L. H. Jankel, ACA,
CLUFF OIL LIMITED,
58 St. James's Street, London, SW1A 1LD.

BANK MANAGER

An expanding international Merchant Bank, based in London, requires a General Manager to take charge of U.K. commercial banking activities.

The successful candidate will be expected to strengthen the organisation of the domestic banking department as well as developing its business, and should therefore have suitable administrative experience at managerial level together with a thorough knowledge of commercial and merchant banking.

The salary will be commensurate with experience, and a comprehensive range of benefits is offered.

Please write Box A.6423,
Financial Times,
10, Cannon Street EC4P 4BY.

An international investment Group with prominent Middle Eastern shareholders is seeking dynamic young people for its London-based subsidiary. The Group's main activities are in Project Development, Corporate Finance and Advisory Services.

★ **CORPORATE FINANCE OFFICER**
25-30 years old, with an MBA degree and some experience in international investment banking, preferably with Middle East orientation. The successful candidate will report to the Director of Corporate Finance and will be required to travel extensively. Knowledge of Arabic though not essential, is a definite advantage. Salary will be commensurate with qualification and experience.

ACCOUNTANT/ADMIN.
The position requires ability to prepare accounts to Trial Balance Stage as well as the motivation to handle various administrative matters within a small office. Responsibilities will include preparing Management Accounts, maintaining all prime books of record as well as Nominal Ledgers, liaising with the external Auditors, preparing PAYE and efficient management of office facilities. Experience with foreign currencies essential. Professional qualifications would be definite advantage but not necessarily required. Salary in the range of £6,000-£7000 depending on qualifications.

RESEARCH ASSISTANT/TRANSLATOR
The candidate would be 25-30 years old with University degree preferably in Economics or related subjects, with good command of both English and Arabic. Experience in banking, investment or development institutions would be highly relevant. Duties include preparation of background papers on country or sector economics, statistics and market review as well as translation from Arabic to English and vice versa. Salary will be in the range of £5,000 depending on qualifications and experience.

Reply in strict confidence enclosing detailed C.V. to Box A6419.
Financial Times, 10, Cannon Street, EC4P 4BY.

PANMURE GORDON & CO.
GILT-EDGED DEPARTMENT

We wish to recruit an Economist to analyse all information related to the Gilt-edged market.

Applicants must have a degree in economics or possibly a post-graduate qualification. Experience of financial markets is desirable but not essential, though a particular interest in worldwide monetary trends would be appreciated.

This position within the Gilt-edged Department offers an outstanding opportunity for self-expression, both verbally and in written form to a wide audience.

Replies to Roger Parsons
9 Moorfields Highwalk, London E.C.2
01-638 4010

The FFI Group is owned by the major clearing banks and Bank of England and provides development finance and related services to British Industry.

Finance For Industry Limited
seek an
EXPERIENCED
CHARTERED ACCOUNTANT

to be responsible to the Deputy Group Chief Accountant for managing the Group Accounts Unit based at Solihull, West Midlands, and for:–

* The preparation of periodical consolidated financial and management accounts of the Group and its principal subsidiaries
* The provision of management information
* The maintenance of the supporting accounting records
* The control of accounting information submitted by other subsidiaries

The successful candidate will have:–

* Several years first class professional experience
* A thorough understanding and practical experience of consolidated accounts.
* Previous involvement with computerised systems
* The ability to work under pressure to tight deadlines
* A proven track record of managing and motivating staff.

The preferred age is over 30. Remuneration will be of interest to those at present earning around £7,000 p.a. Benefits include an advantageous house loan scheme, and non-contributory pension. Any necessary relocation expenses will be reimbursed.

Full details of qualifications, relevant experience, and career to date:

MISS JEAN DAVIDSON,
ASSISTANT PERSONNEL MANAGER,
FINANCE FOR INDUSTRY LIMITED,
91 WATERLOO ROAD, LONDON SE1 8XP.

FINANCIAL MANAGER
GENEVA BASED
CHARTERED ACCOUNTANT

with 12 years' experience throughout Europe, available on part-time basis to participate in management of Continental subsidiaries of UK companies.

Write Box A.6413, Financial Times, 10, Cannon Street, EC4P 4BY.

Manager–International Banking

A well-established international financial institution seeks an experienced and ambitious Credit and Lending Officer, with first-hand knowledge of Latin America, Southern Europe and/or Asia, to join its rapidly expanding team in London.

Candidates must have had several years of solid banking experience in the structuring and implementation of syndicated loans, underwritings, and private placements. They should be knowledgeable in the areas of medium term credits, and documentation processing, have established business contacts in the required areas, and be able to develop client relationships and negotiate with financial officials at every level. Appropriate language ability is a distinct advantage.

An attractive base salary and other fringe benefits are offered and the opportunities for advancement are implicit in this appointment.

Full career details, which will be treated in strict confidence to:

Box 2131, Gould & Portmans Limited,
Caroline House, 55/57 High Holborn, London WC1

Financial Director £??,000 p.a. +Car
Audio and Data Communication

Our client is a rapidly growing organisation manufacturing high fidelity and professional sound recording equipment and data communication products. Products developed and launched to date enjoy a high reputation at the top end of their respective market segments and the potential for both these and planned new products is considerable. The group is currently exporting over 80% of its production.

The Group Financial Director, which is a new appointment, will be responsible to the Group Chairman for the following aspects of the organisation's financial management:

- Cost Accounting
- Management Accounting
- Financial Accounting
- Budgeting and Financial Planning
- Development of Accounting Systems throughout the Group and conversion to Electronic Data Processing

The location is London, the organisation demanding, fast moving and offering real scope for achievement.

Candidates (male or female) should be qualified, and industrial experience is essential together with the ability to apply a high standard of professionalism to small company environments.

The task is crucial to the success of the Group and will be reflected in the remuneration which is negotiable and includes a company car.

Applications giving details of career to date, age and present salary should be sent to the address shown below quoting reference G/111/F on both envelope and letter.

R. J. SILVER & ASSOCIATES LIMITED
Management and Recruitment Consultants,
23 & 24 Great James Street, London WC1N 3ES. Tel: 01-242 9172

Equity Sales

The opportunity to join one of London's foremost stockbroking firms is now available. The firm is looking for an ambitious, thrusting personality, in the mid-twenties, to join its Institutional Department.

Applicants, who may be graduates, will have some experience in the securities industry, and must be able to promote the firm's well-established Economic and Industrial Research.

The initial salary package will reflect market value and success will be swiftly rewarded.

If you are inhibited from showing your true worth in your present position, please apply, in confidence, quoting reference DR20, care of:

Dewe Rogerson Limited,
4 Broad Street Place, London EC2M 7HE

If there are any firms to which you do not wish your application to be sent, please list them in a covering letter.

GROUP TAXATION MANAGER

A Major Financial Institution in the City is seeking to appoint a Group Taxation Manager, who reports to the Group Chief Accountant, and whose responsibilities include:—

★ Submission of UK tax computations.
★ Tax advice to operating divisions.
★ International corporate tax planning.

The successful candidate, who may be in Commerce, Professional practice or the Inland Revenue, will have at least 7 years' experience of dealing with the tax affairs of large companies. Expertise in financial legislation and skill in articulate presentations are key requirements. It is unlikely that an applicant under 35 years old would have the necessary experience.

Salary is negotiable but will reflect the responsibilities of this senior tax position. Excellent benefits include a non-contributory pension scheme, free life assurances and house purchase scheme.

Malcolm Hudson & ptnrs
Management and Executive Recruitment Consultants
29/31 Mitre St. London EC3. Tel: 01-283 1954 (5 lines)

James Capel & Co.
ELECTRICAL/ELECTRONICS ANALYST

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A FINANCIAL TIMES SURVEY
AUSTRALIA
SEPTEMBER 18 1978

The Financial Times plans to publish a major Survey of Australia. The provisional editorial synopsis is set out below.

INTRODUCTION The jolt given to the country's self-confidence by a period of economic recession and political controversy; renewal of Mr Malcolm Fraser's mandate as Prime Minister after a well-timed general election; risking higher unemployment to keep inflation in check; closer relations with Asian states; disputes with the EEC over trade barriers.

POLITICS The Fraser Government's expectation of a long period in power; change in leadership of the Labour Party with Mr. Gough Whitlam stepping down and being replaced by Mr. Bill Hayden.

THE ECONOMY The Government's success in holding prices in check; record unemployment; manufacturing badly hit by the recession.

THE 1978 BUDGET The August Budget as a key to the Government's intentions and likely success in holding down inflation, maintaining the exchange rate and strengthening the base for future recovery.

URANIUM The importance of the controversy over mining and exploitation in a country with more than 20 per cent of the Western world's uranium reserves.

MINING A vital factor in Australia's balance of payments; cutbacks in iron ore and coal demand from Japan's depressed steel industry.

MANUFACTURING The Sector of the economy hardest hit by recession; long-term trend towards a smaller contribution to Australian GDP.

FOREIGN INVESTMENT One of the keys to economic recovery; slow increase in a number of new ventures; incentives again under review.

MOTOR INDUSTRY Two of the worst years on record for 16 car makers despite a Government policy guaranteeing from 20 per cent of the domestic market; looking to foreign partners for help.

TRADE Pressures on the Government from the ASEAN countries for greater access to the Australian market. Strains with the EEC and in the all-important relationship with Japan.

FOREIGN RELATIONS Despite his criticism of the previous Government, Prime Minister Fraser has increasingly turned his attention to the Third World.

BUSINESS REGULATION With an agreement now between the Federal and State Governments, a nationwide system of regulations for the stock exchanges and companies will be operating in Australia next year.

POPULATION Despite high unemployment there are still many influential advocates of a resumption of a high-level immigration programme.

FEDERAL RELATIONS The federal system has had another testing year, marked by serious Federal-State disputes over policies towards the aborigines, development projects and taxation.

LIFESTYLES Whatever the general economic problems, many Australians can afford expensive recreation activities, creating boom conditions in some of the leisure industries.

FARMING With pockets of severe depression, as in the beef industry, the rural community has become increasingly politicised and vocal.

SECURITIES The shake-out of the securities industry has continued but many of the survivors see brighter days ahead in the form of renewed signs of foreign interest in the markets.

BANKING AND INSURANCE The Financial institutions; a nervous year in some respects, especially with the Government's determinedly interventionist attitude on interest rates and in view of the extremely tight money conditions.

THE UNIONS Facing as many problems as the business sector, the unions have been increasingly looking to mergers and reorganisation as they contend with high unemployment and falling membership.

NORTH-WEST SHELF A progress report on Australia's biggest development project.

For further details on advertising rates in this Survey and other advertising requirements please contact:

John Hayman
Financial Times, Bracken House
10 Cannon Street, London EC4P 4BY
Tel: 01-248 8000 Ext. 263

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

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Private company seeks to acquire HOUSE BUILDING COMPANY with reasonable land bank.
LOCATION EAST & SOUTH MIDLANDS

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17 Chatsworth Avenue,
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Advertising and ...

Major change at Kraft

STRANGE TO relate, but Kraft Foods' UK operation, now turning over £100m a year, has made losses recently. As a result, the company says it has now considerably toughened up its marketing approach, and will boost its advertising this year from 1977's £2m to a total of £3.1m. In the process it is switching £500,000 worth of margarine business from J. Walter Thompson to Foote, Coone and Belding. FCB will now handle £750,000 worth of Kraft business. JWT, which retains all Kraft's cheese brand, grocery product and foodservice advertising, accounts for the other £2,350,000.

In the first quarter of this year, Kraft Inc.'s worldwide sales were a record $1.39bn, a gain of eight per cent on the same period last year. After-tax earnings reached $47.9m, up 24 per cent, and earnings per dollar of sales were 3.4 cents against three.

Kraft's UK operation, however, has had to weather a very sticky period, with the result that in February the U.S. parent sent over James Scull to take up the UK chairmanship and launch a renewed fight for profits.

Today, Kraft is announcing a major restructuring of its UK operation. Humko, its Manchester-based specialist industrial products and chemicals company, is to be fully integrated into mainstream Kraft opera... More important, a new f... division has been formed u... former marketing director ... Foley, embracing all marke... and sales of all Kraft ... brands. A new national ... manager, John Robinson, ... Mars, has been appointed.

Another new division, ... Bill Dimmick, will handle Kr... more aggressive push into ... private label sector. The ... division as such will now c... to exist, though a new distri... tion division has been create...

Mr. Scull, who has ... through the Kraft hierarchy ... a knife through butter, ... reorganisation was necessar... iron out management anom... and duplications which ... arisen over the years and ... essential to Kraft's expansion ... product range development p...

Contrary to convent... wisdom, he maintains that ... pects for greater growth in ... food manufacturing cert... exist. "We hope the restru... ing of Kraft will have a ... sharper effect at the store l... We've slimmed the ... organisation down to size ... introduced specialised se... teams. However, we have ... reduced numbers: we ... simply allocated resources ... effectively."

Small is beautiful.

YOU WOULD have thought by now that the arguments in favour of or against small, independent media-buying and creative ad shops vs their big brothers in full service had been rehearsed and absorbed *ad nauseam*. Not a bit. TSGH, a small (£150,000), pushy consultancy in Covent Garden has this week dispatched 600 copies of a red-bound sales document headed: "JWT vs TSGH. A Progress Report." in which it invites clients to compare its wares against those offered by J. Walter Thompson or D'Arcy-MacManus and Masius or Young and Rubicam.

"Quite simply, we feel that while business has changed and developed over the past two decades, agencies haven't," says TSGH, informing the world ... instead of "overpopulating ... selves with account executi... we've built a team of crea... thinkers: writers, art direc... marketing and research me...

Another sheet in the docum... this time in off-mauve, ... "What does a £15,000 a ... London copywriter know ... the problems of a housewi... Hartlepool?" before ... laun... into a description of how ... three months, TSGH's cre... men are dispatched to ... like Hartlepool, Wigan ... and Dundee to "listen to ...

For the record, TSGH em... eight people: the comb... MEAL billings of its three ... service targets, JWT, Masius ... Y and R are at present £214...

How small is beautiful?

R & D insights

BY PETER KRAUSHAR

THERE HAS been much criticism about the fall in R and D expenditures in Britain, following the recent papers by the Science Policy Research Unit at Sussex University. This long-term decline in R and D expenditures in most UK industries is certainly serious, and it is obviously important to reverse the trend if British companies are to hold their own in future.

Yet it is amazing how much companies have continued to spend on R and D even during the recent depression. A study of 24 large and medium-sized food companies carried out recently provided some interesting insights on current R and D and new product activity in a market where R and D expenditures are traditionally very low in relation to turnover.

Sixteen of the 24 companies have over ten R and D executives; one has over 140. In 18 companies their average experience in R and D is at least seven years and in six it is over ten years. Twenty-three of the 24 companies have pilot plant facilities and eight of the 21 replying to this question each spent in 1977 over £900,000 on new product development, R and D, market research and the launch costs of new products. Three companies spent over £1.2m. Finally, 14 of the 24 companies launched at least three new products into test market last year.

These figures certainly do not suggest that the companies concerned are neglecting innovation, even if one has the feeling that the cost-effectivenes of such expenditures often leaves much to be desired and that companies are still very much afraid of the risks inherent in real innovation.

In reality it is wrong to consider the levels of R and D expenditure in isolation from the other factors which affect new product success. Despite all that has been written on the subject, companies still find it extremely dicult to know how to approach innovation; this is not surprising because they are obviously set up to handle today's business rather than tomorrow's.

Fundamental research in areas such as food has on the whole not been very cost-effective. This may well be the fault of inadequate direction by the commercial executives. But whatever the reason, attention to applied development rather than reasearch has tended to pay off far better. This is, of course, the approach that the Far Eastern countries have found so effective and, if it is argued that the UK companies must seek more fundamental innovation, then it will be unquestionably necessary to find ways of integrating fundamental research and marketing far more successfully than any UK company has managed so ... Such an approach may be co... in the case of high techno... industries; in the case of ... and other packaged goods, ... phasis on applied develop... is almost certainly the ... answer.

Even to-day many compa... do not have a comprehen... development policy covering ... internal and external deve... ment which is communic... throughout the company. ... it is obviously necessary to ... well-established criteria, so ... management, marketing ... R and D executives know w... opportunities ... are and are ... suitable. It is also vital to ... get in quickly of a small num... of projects on which the c... pany can conc... entrate its ... sources.

Perhaps the mo... vital fac... however, are orga... nisation ... attention to impleme... ntation ... seems essential that the ... pany's chief executive ... ally involved in his c... development and that th... isation of it be in the ha... one or more very senior ... tives (with no other respon... ties) with the power as we... the experience to motivate ... total company towards chan... This is the most difficult ... within companies. Recognition ... this is more important than th... usual debate as to the efficienc... of a new product developmen... department as against new ven... ture groups, etc. The right per... son in the company fully backe... by the chief executive will wi... through whatever the detaile... organisation.

The area which is surprisingl... neglected in most companies ... that of implementation in th... market place. Everyone is kee... on finding a good idea, much ... effort is spent on evaluating ... and, if it continues to look good ... that seems to be the end of the ... matter.

However, it is in implementa... tion that the main difference lie... between the more successful and ... the less successful companies. ... may be a terrible thing to say ... but there may be 300 to 400 com... panies in food and other ... packaged goods who are al... capable of finding a good new ... product idea; but only 15 to 2... are really adept at launching it ... and capitalising on its worth. In ... fact, a bad idea launched by one ... of the few latter companies may ... well perform better in the market ... place than a really good idea ... launched by one of the other ... companies! Without doubt, com... panies should pay much more ... attention to implementation and ... this is, of course, closely related ... to organisation. Only if that is ... done will high R and D expendi... tures reap their due reward.

Peter Kraushar is chairman of Kraushar Andrews and Eassie.

The Marketing Scene

The boom in black and white

BY MICHAEL THOMPSON-NOEL

' WAS Sam Goldwyn who said refused to discuss the potential the Technicolor process until saw it in black and white. milarly, until quite recently, a mber of senior people in the vertising business squirmed th embarrassment and averted eir eyes if the word boom was ployed in any conversation to with advertising expenditure els in 1977.

Well, now they have the ares, and "boom" was not splaced, even though the usual tery of qualifications—many do with the pronounced lical movement in advertising enditure—have to be rememed and absorbed.

According to the Advertising ociation's annual survey of enditure, published today, total ad spend last year, current prices, reached 99bn, a 26 per cent gain on 6. In other words, in real ns, advertising expenditure year rose by approximately per cent. In 1970 prices, exditure reached £609m—way ind the aberrant £716m ieved in 1973 and still a good lower than the figure for , but the third best pernance, nonetheless, of the t eight years. As a percen- of consumers' expenditure, spend recovered last year .8 per cent compared with as e as 1.53 in 1975; as a perlage of GNP it clawed its back to 1.22 per cent.

as the boom petered out? e advertisers, particularly e in important consumer ors, at last fully reainted themselves with the ible commercial perils that lie in wait for those who lect their brands and market tions? Ahead of an election, given current economic unainties, these are particur difficult questions. The s forecasters remain reasonconfident that total adverg expenditure this year will r by another 19 to 20 per , but a lot depends on what pens to TV advertising. ITCA revenue over the first quar- of 1978 added on 28.9 per to reach £83.2m. But the entage gains for the first months described this dolepattern: 35, 31, 23, 11, 9. sorts of special factors are work, and the contractors selves are by no means ed on prospects for the mn.

Advertising agencies are even in the dark. Some of them, Saatchi's and McCann's of world, are still accumulating billings at an extraordinary rate; some are rediscovering zerogrowth; some are visibly shaking. No matter how far you penetrate down the Top 100 list, the pattern is obscure.

It's a very puzzling year, so let us for the moment make do with what we have in black and white. The tables on the right cover the broad picture. Manufacturers' consumer advertising, specifically, showed a fairly good improvement to £613m. At 1970 prices the figure is £249m, the same as in 1971. However, that will not reassure those who believe that what has happened to the MCA category over recent time is an extravagantly good metaphor with which to describe the political, industrial and commercial decline they perceive around them.

In terms of the media, the national Press, magazines and periodicals, trade and technical TV and outdoor sectors all enjoyed increased expenditure of between 25 and 30 per cent, though only TV showed a significant improvement in terms of share of the cake, accounting for 26.6 per cent of the AA's total for 1977, which brought it almost exactly into line with the regional Press. However, Mike Waterson of the AA points out that periods of growth for these two media appear to alternate in pronounced cyclical manner.

If the AA's estimated media expenditure figures are examined by product group, fairly pronounced variations start to show up. Drink and tobacco advertising, for example, improved from £97m to £111m, a gain of 14 per cent, which was well below the average for all sectors. Toiletries and medical also fell behind the pace (moving from £66m to £77m) as did 'tourism, entertainment and foreign' (£31m to £36m).

On the other hand, food (plus 28.6 per cent at £144m), automotive (plus 30.2 per cent at £56m), household and leisure (plus 32.7 per cent at £150m) and publishing and books (plus 31.3 per cent at £21m) all performed substantially better than the MCA average.

In non-MCA 'product' groups the only major variant from the average growth path was Government advertising which put on only 18.2 per cent at £26m compared with a 28 per cent average. Retail advertising, as defined and estimated by the AA, boomed from £206m to £260m, industrial advertising grew from £130m to £168m, and classified advertising put on 28.2 per cent to reach £327m.

How about the current year? Masius is the apple of MEAL's eye at present, topping the latest MEAL list with billings of £51.5m. Joint managing director Mike Johnson says that at the start of the year Masius was expecting a 10 to 11 per cent gain from existing clients—it has 53—but that target may not be met. "There are numerous factors at work, including the squeeze on manufacturers' margins as a result of the price war in the High Street. But the makers of consumer durables are not necessarily spending any faster than the makers of fast moving packaged goods."

In addition to the top agencies, and in a search for a broader picture lower down, I spoke this week to the ninth, 19th, 29th, 39th and 59th agencies in the current Top 100 list (the 49th was immured in "meetings"). The ninth is Wasey Campbell-Ewald, which on the basis of projections which were not immediately clear, is expecting a billings gain this year of "around 30 per cent." The 19th is Roe Downton. Chairman Graeme Rowe says that despite the lateness of the much-heralded boom in consumer durables, 1978 still ought to be a very good year. "Advertisers are taking a slightly longer-term view than 18 to 24 months ago. Our billings should improve from £12.4m to not far short of £14m."

The 29th biggest agency is Norman Craig and Kummel, whose chairman, Michael Laming, expects media billings this year to move from £8.9m to virtually £10.5m, a gain of 18 per cent compared with Roe Downton's expected 12.9 per cent.

No. 39 is Royds Manchester, where managing director Keith Wride says that in the year to March 31 it billed £8m. "The current year, our 10th, should be our best by a mile. We'll certainly make £10m and will probably break £11m." The 59th is Vernons, which reckons that the real growth in total spending of the past two years has probably dropped away. It billed £4.1m last year, and may be a little down in the current year.

TOTAL ADVERTISING EXPENDITURE

Year	1970 prices* (£m)	Current prices (£m)	As % of consumers' expenditure	As % of GNP
1968	520	503	1.84	1.33
1969	563	544	1.87	1.36
1970	554	554	1.76	1.26
1971	544	591	1.68	1.19
1972	608	708	1.78	1.27
1973	716	874	1.94	1.35
1974	667	900	1.74	1.20
1975	565	967	1.53	1.03
1976	566	1,188	1.62	1.08
1977	609	1.499	1.80	1.22

* Obtained by deflating current price figures by combined index of media rates.

EXPENDITURE BY MEDIA

Media	£m 1974	1975	1976	1977	Percentage of Total 1974	1975	1976	1977
National Newspapers	161	162	197	251	17.8	16.8	16.6	16.7
Regional Newspapers	273	283	331	396	30.4	29.3	27.9	26.4
Magazines and Periodicals	71	79	92	116	7.9	8.2	7.7	7.7
Trade and Technical	80	86	103	133	8.9	8.9	8.7	8.9
Directories*	16	20	31	43	1.8	2.1	2.6	2.9
Press Production Costs	48	49	58	73	5.3	5.1	4.9	4.9
TOTAL PRESS	649	679	812	1,012	72.1	70.2	68.4	67.5
Television	203	236	307	398	22.6	24.4	25.8	26.6
Poster and Transport	34	35	43	54	3.8	3.6	3.6	3.6
Cinema	8	7	8	9	0.9	0.7	0.7	0.6
Radio	6	10	18	26	0.7	1.0	1.5	1.7
TOTAL	900	967	1,188	1.499	100	100	100	100

* Including Yellow Pages.

MANUFACTURERS' CONSUMER ADVERTISING

Year	1970 prices (£m)	Current prices (£m)	As % of consumers' expenditure	As % of GNP
1968	247	239	0.87	0.63
1969	261	252	0.88	0.63
1970	250	250	0.79	0.57
1971	249	271	0.77	0.54
1972	267	311	0.78	0.56
1973	297	362	0.80	0.56
1974	258	348	0.67	0.46
1975	226	387	0.61	0.41
1976	234	493	0.67	0.45
1977	249	613	0.74	0.50

Source: AA.

LOMBARD

Business needs certainty

BY A. H. HERMANN

THE EEC COMMISSION has been much criticised recently, particularly in Germany, for abandoning the principle of free competition for the sake of regulatory "recession" cartels for oil, man-made fibres and shipbuilding. But there are signs that the Competition Department of the Commission intends to balance these developments by enforcing the anti-trust rules of the EEC Treaty with even greater vigour in other fields of industry.

One can be in favour of competition or regulation, and indeed it is possible to argue *that both these approaches can* be justified for different industries or at different times for one and the same industry. But everyone will agree that anti-trust enforcement, no less than regulation, must be to a large *extent predictable if managements* are not to be discouraged from taking other than routine short-term decisions.

Policy

Unfortunately, a leading official of the Commission's Competition Department who visited London recently in order to explain the Commission's competition policy to English and Scottish lawyers, created the *impression that the Commission* underrates the importance of predictability and legal certainty for business. Instead of compensating for the shortage of its manpower—it has only a staff of 30 to deal each year with some 1,600 notifications of restrictive agreements—by letting everyone see what it is doing, the Commission in 1977 published only 17 decisions but settled 263 competition cases in a manner only occasionally disclosed by a brief Press release. It stresses further that its decisions should not be regarded as precedents and seems to hope that industry can be made to give up even remotely suspect agreements by an unquantified threat of large fines.

The new deterrent which the Commission intends to use in the future (and already has applied to a market sharing agreement concluded between Leafields Engineering, a Wiltshire based maker of sophisticated products for use in off-shore submarine ventures, with the French Societe National des Poudres et Explosifs) is based on an obscure provision tucked away in the sixth paragraph of Article 15 of Council Regulation 17/1962. According to this regulation, suspect agreements must be notified to the Commission which can either declare them to be innocent, or restrictive but exempt because they possess certain redeeming features, or prohibit them. The Commission takes up to five years to make up its mind and in the meantime the notified agreement is in a legal limbo, having a status of "provisional invalidity" so that it may not be enforceable in courts. But notification confers at least immunity from fines, unless the Commission withdraws this immunity by taking, after a "preliminary investigation," a provisional decision that the agreement is prohibited under the competition rules of the EEC treaty and that its exemption is not justified. Curiously, this "provisional decision" is not listed among those which the Commission is obliged to publish and yet this *lettre de cachet* (by which French kings used to consign dissidents to the Bastille) is more pernicious than a final adverse decision.

Such enforcement practices, heavily loaded against enterprises, are all the more objectionable because, in selecting its victims out of the unmanageable stockpile of notified agreements, the Commission is unavoidably guided by political considerations. Moreover, what hope is there that a *preliminary* investigation will do justice to the problems involved when even the *full* investigations of the Commission are often unbelievably superficial and uncomplete, as evident from several judgments of the European Court.

Acceptable

Preliminary investigations would be more acceptable if all notified agreements would benefit not only from immunity from fines—which can be enormous—but also enjoyed the status of provisional validity and remained *enforceable between parties*—as as they used to be until the European Court withdrew it by a ruling in *Brasserie de Hoecht II*. As things are now, the new policy of the Commission is only likely to convince companies that they run far greater risks by notifying an agreement than by not doing so.

The impact of these developments on UK law and business does not seem to be sufficiently appreciated. An inter-departmental committee—the Hans Liesner Mark II Committee—is now reviewing the UK's restrictive practices legislation. Yet what is modestly called "the overlap of EEC and UK competition rules," meaning that Brussels can do in this area everything that the Fair Trading Office can do and, much more, is bound to pre-empt any recommendations which the Liesner Committee will make.

Roche appeal: a chance to clarify EEC la

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THE EUROPEAN Court has completed hearings of the *appeal by Hoffmann-La Roche* against a decision of the European Commission to impose a fine of some £250,000 on the Swiss medicine giant.

The Commission had earlier held that Roche contracts obliged—or induced by means of loyalty discounts—22 companies in the EEC to cover either all, or at least a substantial part of, their vitamin requirements with the purchase of Roche products. Mr. Advocate General Reischl will deliver his Opinion as soon as the Court reassembles on September 19. The judges will therefore have at least another month to ponder the *implications* of this unique case, which started with criminal proceedings in Switzerland against a former Roche employee who provided the Commission with *information*, including internal circulars and minutes of meetings, on Roche.

Roche certainly did not pull its punches during the appeal hearing. One of its principal arguments was that the Commission proceedings infringed the principles of a fair trial because the Commission decided to open them on the basis of documents obtained illegally. Roche also alleged that the Commission *infringed the rules of international* law by carrying on investigations on Swiss territory. Moreover Roche complained that the Commission's decision was based on evidence which *was not brought forward during* the hearings and about which Roche was kept in ignorance. Roche argued this was contrary to the generally accepted rules of fairness and to the principles of the *European Convention* on Human Rights.

The Commission denied that it made any inquiries on Swiss territory to obtain the protocols and documents from the former Roche employee. *The Commission* also insisted that it was under no obligation to show the suspected company all the evidence it had against it. On the contrary, the Commission argued, it *was obliged* to guard the business secrets contained in such evidence, unless expressly authorised to disclose them. This plea is somewhat at variance with information given recently in London to English and Scottish lawyers by a high-ranking official of the Commission, which implied that only peripheral information with no direct bearing on a case is withheld from the file accessible to a suspect party.

In this particular case the Commission based its calculations of Roche's market share on undisclosed information obtained from its competitors. The difference between the market share calculations presented by the Commission and Roche is substantial. The Commission arrived at a range of between 47 and 95 per cent of the EEC market for the Roche-produced vitamins while Roche asserts that the correct figures range between 30 and 70 per cent.

It is quite possible that the Court will come to the conclusion that market shares of 30-70 per cent are quite sufficient to justify the conclusion that Roche is in a dominant market position or, on the contrary, that even 47-95 per cent range is not by itself sufficient to justify it. But this would still leave open the question of whether the Commission proceedings are subject to the rules of a fair trial, a question which has been asked many times before, particularly in Britain. If normal standards of judicial procedure were applied to this particular case, the competitors of the accused would have been asked to say what they knew in his presence.

The appeal hearings moved into even deeper waters when the argument moved from procedural to meritorious issues. Roche did not contest the Commission's right to develop the very general and vague provisions of the EEC Treaty by case law but claimed that the Commission was only empowered to impose fines if the EEC rules of competition were infringed intentionally or negligently. "There is no crime without law" is a fundamental principle of European law and Roche claimed that the concepts of "dominant ... position" and "abuse" have not been defined by the Commission or the Court in a way which would have enabled Roche to foresee that its vitamin contracts would be viewed as an infringement of the EEC rules of competition. This complaint touches a fundamental problem of EEC enforcement of competition: the Commission maintains that its decisions have no "precedental" significance and the European Court is notorious for changing its mind fairly *frequently*.

Roche denied that it had a dominant position on the European vitamin market and argued that the Commission was wrong in going by market shares alone and ignoring market behaviour and price developments. Not only did competition exist on the European vitamin market but many more potential competitors stood in the wings, ready to enter the market should prices rise to a level offering extraordinary profits. All large chemical enterprises, Roche argued, could start making vitamins and many were in a better position than Roche because they produced the raw materials from which vitamins were made. For this reason Roche, so it argued, had to quote competitive prices and, characteristically, its contracts had only "fall" and no "rise" price clauses.

Roche denied that its long-term contracts with Unilever fell into the category of loyalty contracts as Unilever was in no way obliged to buy vitamins solely from Roche. Also the discounts granted to Merck were not loyalty discounts but purely distribution discounts, because Merck resold most of the Roche vitamins. When these two customers were eliminated from the computation, the proportion of contracts with loyalty discounts in Roche's total EEC deliveries was only *4 per cent*, and not the 16 per cent asserted by the Commission.

Of particular importance for the outcome of the appeal is the interpretation of the so called "English clause" in Roche's loyalty contracts. According to this clause the customer receiving a loyalty discount had to give Roche a chance [to match a] competitor's lower p[rice] accepting such a m[ore favour]able offer.

The Commission s[aw] an inducement for th[e customer] to cover his entire re[quirements] with Roche. Accordin[g to Roche] the clause was thei[r] customers' benefit. Th[e customer] was not even obliged [to name] the competitor who w[as offering] the vitamins at a lo[wer price] and if Roche did not [reduce its] own price accordin[gly the] customer was free to [buy else]where without losing h[is entitle]ment to loyalty dis[counts in] respect of purchases m[ade from] Roche.

As can be seen, the ap[peal pro]vides the Court with a [n oppor]tunity to clarify a nu[mber of] fundamental concepts w[hich, 20] years after the Commis[sion was] given the power to enfo[rce EEC] competition law still [remain] exceedingly hazy. Wh[at rules] of fairness, or "natural j[ustice"] apply to Commissions p[roceed]ings? What is a "do[minant] market position" an[d an] "abuse"? As no EEC sec[ondary] legislation on this is lik[ely to] be forthcoming in the [near] future, the European C[ourt is] the only hope for thos[e who] realise that without a [certain] minimum of clarity an[d cer]tainty in the law, doing [busi]ness is bound to becom[e] difficult.

Just Married has the edge

RACING

BY DARE WIGAN

SCHWEPPESHIRE LAD, successful in five out of six races including the Norfolk Stakes at Royal Ascot, attempts to concede weight to all his opponents in the Group Three National Stakes (3.40) at Sandown today. He will have the fast ground that he likes, and, judged on the Ascot running, he has the beating of Piggott's mount, Tribal Warrior.

However, a more serious threat may be Coalminer, whom the Irish had thought certain to win the Coventry Stakes at Ascot, but who was never going well on the unfavoured, far side of the course. Since then, Michael Kauntze's colt has failed narrowly to give nine pounds to a smart filly, Phil's Fancy, at the Curragh. But Schweppeshire Lad is the selection.

Another competitive race for two-year-olds at Sandown this afternoon is the Raynes Park Stakes (2.30), and the one I like here is Just Married, who has a three pounds advantage with Dynamic Mistress in exchange for the neck that separated them at Salisbury at the end of last month.

The hounds at Newmarket had been barking the name Buckland for weeks before this colt by Busted ran for the first time, at Sandown, 12 days ago. In the event, Buckland got into all manner of trouble, and, when extricated, interfered badly with another horse with the result that he was demoted from third to fourth place. Provided he gets a clear run, it is unlikely that he will be beaten in the High Steward Stakes (2.15).

An interesting runner at Yarmouth is Early Morn, a half-sister, by Sassafras, to the good race mare, Moonlight Night.

- Mr. Daniel Wildenstein, perhaps the most prominent owner of racehorses in Europe, and Britain's leading trainer, Mr. Peter Walwyn, are to part company. Mr. Wildenstein cancelled Walwyn's authority to act for him in Britain and the Lambourn trainer asked him to take away his horses.

SANDOWN
2.30—*Just Married*
3.05—General Carl
3.40—Schweppeshire Lad
4.10—School Road

YARMOUTH
2.15—Buckland***
3.15—Sideshow**
4.45—*Early Morn**

HAMILTON
2.45—Saintly Princess
3.45—Hot Shot
4.45—Fair Louise

More tube stations to have T.V.

MORE UNDERGROUND stations in Central London will get closed-circuit TV with public address facilities, as part of London Transport's programme to improve station control and information to passengers, particularly about disruption of services.

The stations are Bond Street, Charing Cross, Baker Street, Piccadilly Circus, Tottenham Court Road and Waterloo. The cost will be £450,000.

When the latest stage is completed, 28 stations will have the system. It is hoped that eventually more than 50 stations will be involved, most of them in Central London.

TV/Radio

† indicates programme in black and white.

BBC 1

6.40 am Open University. 1.20 pm On the Move. 1.30 Mister Men. 1.45 News. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 *Cartoon*. 5.05 We're Going Places. 5.35 The Wombles.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 Holiday Report.
7.00 Dr. Who.
7.25 Top of the Pops.
8.05 Wildlife on One.
8.30 Citizen Smith.
9.00 News.
9.25 The Songwriters.
10.15 The Royal International Horse Show.
11.25 Revolution.
11.55 Weatherman / Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.55-6.20 pm Wales Today. 7.00-7.25 Heddiw. 11.25 Ar Glawr. 11.55 News and Weather for Wales.

Scotland—10.00 am Paddington. 10.05 Jackanory. 10.20 Help! 10.40-11.00 *Big John, Little John*. 5.55-6.20 pm Reporting Scotland. 11.55 News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40 am Open University.
11.00 Play School.
4.55 pm Open University.
7.00 News Headlines.
7.05 The British Connection?
7.30 News.
7.40 Gardeners' World.
8.05 Top Gear.
8.30 BC: The Archaeology of the Bible Lands.
9.00 Midweek Cinema: "Splendour In The Grass," starring Natalie Wood, Warren Beatty.
11.00 Multi-racial Britain.
11.25 Late News.
11.35 *Closedown reading*.

LONDON

9.30 am A Place in History. 9.55 Paint Along with Nancy. 10.20 Oscar. 10.30 Spiderman. 10.55 Cree Hunters of Mistassini. 11.45 Cartoon Time. 12.00 Little Blue. 12.10 pm *Hickory House*. 12.30 Doctor! 1.00 News plus FT index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Racing from Sandown Park (2.30, 3.05, 3.40 races). 3.50 The Sullivans. 4.20 Children's Film Matinee.
5.45 News.
6.00 Thames at 6.
6.35 Cartoon Time.
6.50 Crossroads.
7.15 Leave It To Charlie.
7.45 The Salzburg Connection.
9.30 This Week.
10.00 News.
10.30 What About The Workers.
11.00 Time for Business Special: Where Have All The Skilled Men Gone?
11.45 Night Gallery.
12.00 What the Papers Say.
12.15 am Gerard Manley Hopkins poems read by Michael Burrell.

All IBA Regions as London except at the following times:—

ANGLIA

10.20 am Cartoons. 10.40 Afloat. 11.05 Andy's Party. 11.30 Look Who's Talking. 1.25 pm Anglia News. 2.00 Women Only. 4.20 Solo One. 4.45 Westway. 5.15 Byegones. 6.00 About Anglia. 6.35 Arena. 10.30 Lifestyle. 11.00 What About the Workers. 11.30 Chopper Squad. 12.25 am The Living Word.

ATV

10.20 am Music at Harewood. 10.45 *Half, Half Three Quarters Full*. 10.50 Let's Pretend ... the make-believe world of Daphne du Maurier. 11.30 Stars on Ice. 11.55 The Adventures of Parsley. 1.20 pm ATV Newsdesk. 3.50 Quick on the Draw. 4.20 Solo One. 4.45 Three for the Road. 6.00 ATV Today. 11.00 Gardening Today. 11.30 Dan August.

BORDER

10.20 am Skippy. 10.40 Afloat. 11.05 Andy's Party. 11.30 Look Who's Talking. 11.20 pm Border News. 4.20 Code R. 5.15 Solo One. 6.00 Lookaround Thursday. 11.00 Gibbsville. 11.55 Border News.

CHANNEL

1.18 pm Channel news. 4.30 Little House on the Prairie. 5.15 The Flintstones. 6.00 *Channel News*. 6.10 *A Chance to Meet*. 6.25 Cartoontime. 10.32 The Open Air. 11.00 The Andy Williams Show. 11.30 M'Lord's Ladies and Gentlemen. 12.25 Actualities et Prévisions.

GRAMPIAN

9.25 am First Thing. 10.20 Woobinda. 10.40 Afloat. 11.05 No Act of God. 11.30 Look Who's Talking. 1.20 pm Grampian News. 4.20 The Little House on the Prairie. 5.15 Wildlife Theatre. 6.00 Grampian Today. 6.10 Farming News. 6.15 Flair. 12.20 am Reflections. 12.25 Grampian Headlines.

GRANADA

10.20 am Return to the Planet of the Apes. 10.40 The Lost Islands. 11.05 The Beatles. 11.25 Skippy. 11.45 Kathy's Quiz. 1.20 pm This Is Your Right. 4.20 Little House on the Prairie. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 On Site. 10.30 What's On. 11.15 What the Papers Say. 11.30 The Law Centre. 12.30 am A Little Night Music.

HTV

10.20 am Houseparty. 10.40 Afloat. 11.05 Andy's Party. 11.30 Look Who's Talking. 1.20 pm Report West headlines. 1.25 Report Wales headlines. 2.00 Women Only. 3.50 Beryl's Lot. 4.20 Clue Club. 4.45 The Flintstones. 5.20 Crossroads. 6.00 Report West. 6.22 Report Wales. 6.45 Survival. 11.05 The Law Centre.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 Penawdau Newyddion Y Dydd. 4.20-4.45 Adar Y Twndra. 6.00-6.22 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 Report West headlines. 6.22-6.45 Sport West.

SCOTTISH

10.20 am Valley of the Dinosaurs. 10.40 Afloat. 11.05 Andy's Party. 11.30 Look Who's Talking. 1.25 pm News and Road Report. 2.00 Women Only. 4.20 Island of Adventure. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Weir's Way. 6.45 Garnock Way. 11.00 Late Call. 11.05 Emergency.

SOUTHERN

10.20 am Arthur. 10.40 Afloat. 11.05 Andy's Party. 11.30 Look Who's Talking. 1.20 pm Southern News and Weather. 2.00 Women Only. 4.20 Dynomutt. 4.45 The Lost Islands. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day. 10.30 Oh No, It's Selwyn Froggitt. 11.00 People Rule! 11.35 Southern News Extra. 11.45 What the Papers Say. 12.05 am Yesterday's Tears.

TYNE TEES

9.25 am The Good Word. 10.20 The Secret Lives of Waldo Kitty. 10.40 Afloat. 11.05 Andy's Party. 11.30 Look Who's Talking. 1.20 pm North East News. 2.00 Women Only. 4.20 "The Purple Mask" starring Tony Curtis and Gene Barry. 6.00 *Northern Life*. 11.00 Double Top. 11.40 George Hamilton IV. 12.10 am Epilogue.

ULSTER

10.20 am Cartoon Time. 10.40 Afloat. 11.05 Andy's Party. 11.30 Look Who's Talking. 1.20 pm Lunchtime. 4.18 Ulster News headlines. 4.20 *Clue Club*. 4.45 The Gene Machine. 5.15 The Adventures of *Black Beauty*. 6.00 *Ulster News*. 6.05 Crossroads. 6.30 Reports. 6.45 Want A Job. 7.00 Cartoon Time. 11.00 Gardening Today. 11.30 Bedtime.

WESTWARD

10.20 am Untamed World. 10.40 Afloat. 11.05 Andy's Party. 11.30 Look Whose Talking. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News headlines. 4.20 The Little House on the Prairie. 5.15 The Flintstones. 6.00 Westward Diary. 10.30 The Open Air With Clive Gunnell. 11.00 The Andy Williams Show. 11.30 Nice Guy of the Year. 12.25 am Faith for Life.

YORKSHIRE

10.20 am Power Without Glory. 11.10 Star Maidens. 11.35 The Woody Woodpecker Show. 1.20 pm Calendar News. 3.50 The Sullivans. 4.20 The Purple Mask. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 The First Ten Years. 11.40 The Entertainers.

RADIO 1 — 247m

(S) Stereophonic broadcast
‡ Medium Wave only

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates including The Golden Hour. 11.00 Tony Blackburn. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Peter Powell. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Sports Desk. 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2, including 1.55 pm Good Listening. 10.00 With Radio 1. 12.00-2.02 am With Radio 2.

RADIO 2 — 1,500m and VHF

5.00 am News. 5.02 Richard Vaughan (S) with The Early Show, including 6.15 *Pause for Thought*. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.30 Cricket. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S). 6.45 Sports Desk. 7.02 Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Wit's End. 10.30 Star Sound Extra. 11.02 Sports Desk. 11.05 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News.

RADIO 3 — 464m, Stereo & VHF

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S) Bizet, Poulenc. 9.00 News. 9.05 This Week's Composer: Britten (S). 9.55 Aeolian String Quartet (S) Part 1: Haydn, Wolf, Haydn. 10.55 In Short. 11.05 Aeolian String Quartet (S) Part 2: Beethoven. 11.50 Words ... 11.55 Songs from Iran (S). 12.15 pm Midday Concert (S) *Part 1: Mendelssohn, Mozart*. 1.00 News. 1.05 Midday Concert (S) Part 2: Mozart, Roussel. 1.50 De Saram Trio (S) Beethoven, Brahms. 2.40 Poliuto (S) Opera. Music by Donizetti, Act 1. 3.25 In Short. 3.35 Poliuto (S) Act 2. 4.20 Interval Reading. 4.30 Poliuto. Act 3. 5.05 Franck and Faure (S). †5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound. †6.30 *Lifelines: The Wider World*. 7.30 Sibelius (S) Part 1. 8.05 The Arts Worldwide. 8.25 Sibelius (S) Part 2. 9.15 The Thorns of Summer (S) Portrait of John Henry Newman. 10.20 Pilar Lorengar (S) Recital. 10.30 The Bach Family (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song on record.

Radio 3 VHF only—6.00-7.00 am, 5.45-7.30 pm Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.00 am News. 6.10 Farming Today. 6.30 Today, including 7.00 and 8.00 News, 7.30 and 8.30 Headlines. 8.35 Yesterday in Parliament. †9.00 News. 9.05 These You Have Loved (S). 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way. 11.45 Near Myths. 12.00 News. 12.02 pm You and Yours. 12.27 Many A Slip. 12.55 Weather. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour including 2.00 News. 2.45 Listen With Mother. 3.00 News. 3.10 Questions to the Prime Minister. 3.55 Wildlife. 4.00 News. 4.05 Jack de Manio Precisely. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather. 6.00 News. 6.30 Brain of Britain 1978. 7.00 News. 7.05 The Archers. 7.20 Let's Get This Settled. 7.45 Would You Go To A Healer? 8.30 James Cameron with the BBC Sound Archives. 8.45 Instant Sunshine by the Seaside. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Happiness Is ... 10.55 My Delight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News. 12.20-12.23 am Inshore Forecast.

BBC Radio London — 206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 1.00 London News Desk. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Soul 78. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time. 1.05-Close As Radio 2.

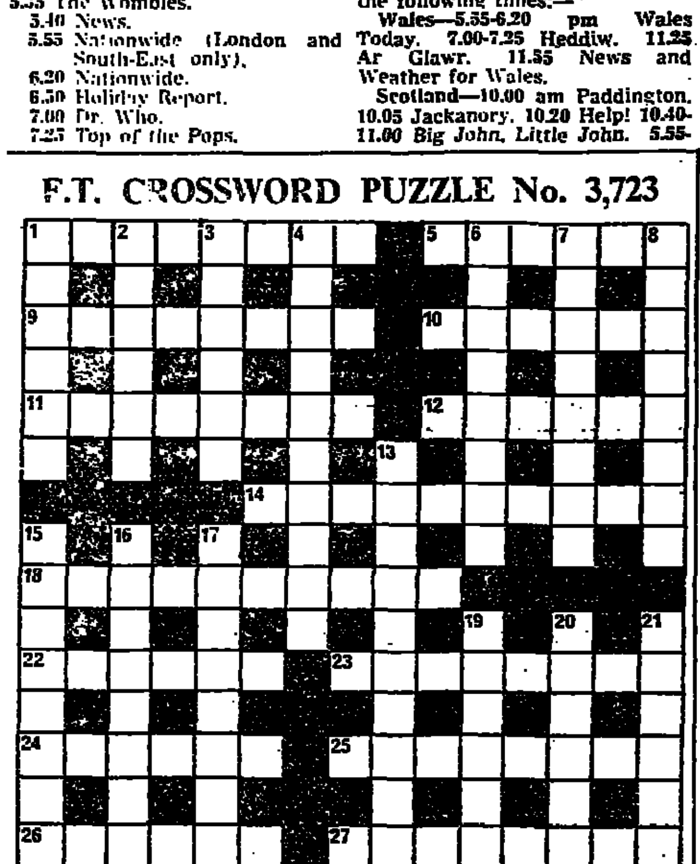
London Broadcasting — 261m and 97.3 VHF

5.00 am Morning Music. 6.00 AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports. 8.00 After Eight with Ian Gilchrist. 9.00 Nightline with Keith Chalkley. 1.00 am Night Extra with Allan King.

Capital Radio — 194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 3.00 pm Roger Scott (S). 7.00 Lord George-Brown's Capital Commentary (S). 7.10 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,723



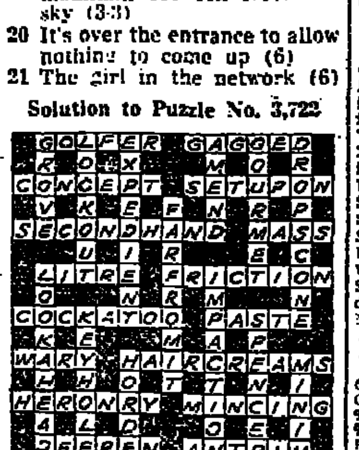
ACROSS

1 What is left is unfair (3, 5)
5 Reviled us when found in a plot (6)
9 "—, to seek, to find, and not to yield (Tennyson) (2, 6)
10 To nearly everyone Lily causes panic (6)
11 Farewells to preserve in musical compositions (8)
12 Definitely not expressing confidence (2, 4)
14 The poor breadwinner about fifty won't pass his driving test (3, 7)
18 Infantile beginning (5, 5)
22 Went on to start proceedings in the finish (6)
23 Write about dictator including one in prayer (8)
24 Gloom that is evident in one of the old folks at home (6)
25 Girl goes to prison in Yugoslavia (8)
26 Having an evening meal in France? This is the place for it (6)
27 Surprised, but went ahead from the beginning (8)

DOWN

1 Cash down suggested by broken watch? (2, 4)
2 It turns up with a sensible brew (6)
3 New Durian invasion (6)
4 For a political supporter to celebrate is essential (4, 1, 5)
6 Delay in the dance at the royal residence (8)
7 Cloth worker becomes an NCO (8)
8 Rare mead to act as a sweetener (8)
13 Made a quiet exit like an unfortunate remark (7, 3)
15 Insulted when the cricket side finished (8)
16 A new series like a spring salmon (5, 3)
17 One of those addressed by Paul on the Areopagus (8)
19 Edge up about the Greek mountain between earth and sky (3-3)
20 It's over the entrance to allow nothing to come up (6)
21 The girl in the network (6)

Solution to Puzzle No. 3,722



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office.

OPERA & BALLET

COLISEUM. Credit cards 240 5258. *Reservations 01-836 3161*. ENGLISH NATIONAL OPERA 1978-79 season from July 29. Bkg. open.

COVENT GARDEN CC 240 1066 (Gardencharge credit cards 836 6903) THE ROYAL BALLET Tonight and Wed. next at 7.30: Anastasia. Sat at 2.00 and 7.00: Four Schumann pieces, Divertissements, Elite Syncopations. Tue. next at 7.30: The Sleeping Beauty. THE ROYAL OPERA Tomor and Mon next at 7.00: Norma. (21 July, Bumbry replaces Caballe, Veasey replaces Bumbry Lavirgen replaces Craig. 24 July: Bumbry replaces Caballe, Lavirgen replaces Craig.) Seat prices for July 21 and 24 reduced to schedule S1—rebates avail after perf. 65 Amphi seats avail for all perfs from 10am on day of perf.

GLYNDEBOURNE FESTIVAL OPERA until Aug. 7 with the London Philharmonic Orchestra. Tonight and Sat at 6.15: La Boheme. Tomor. Mon and Wed next at 5.30: Cosi fan tutte. Sun. and Tue. next at 5.30: The Rake's Progress. Possible returns only. Box Office Glyndebourne, Lewes, E. Sussex (0273 812411). N.B. The curtains for Cosi will rise at 5.30 sharp: There is no possibility of admittance for late comers.

ROYAL FESTIVAL HALL. 928 3191. July 23 to August 3. The sensational BATSHEVA Dance Company with GALINA and VALERY PANOV Dancing at every performance.

SADLER'S WELLS THEATRE Rosebery Ave. EC1. 837 1672. Last Perfs. Eves 7.30. Sat Mats 2.30. NIKOLAIS DANCE THEATRE Tonight: Guignol Stick Figures, Suite from Sanctum. Tomor: Triple Duet from Grotto, Styx, Triad. Sat mat: Triple Duet from Grotto, Gallery, Styx. Sat eve: Temples, Guignol, Triad "Sheer wizardry ... an experience not to be missed" E. News. "Utterly, utterly beautiful ..." (Triad) Guardian. July 31-Aug 26 MARCEL MARCEAU.

THEATRES

ADELPHI THEATRE. CC. 01-836 7611. Evgs. 7.30. Mats. Thurs. 3.0. Sat. 4.0. IRENE IRENE IRENE THE BEST MUSICAL of 1976, 1977 and 1978! IRENE IRENE IRENE "LONDON'S BEST NIGHT OUT." Sunday People. CREDIT CARD BOOKINGS 836 7611.

ALBERY. 836 3878. Credit card bkgs. 836 1971-3 from 8.30 am Party Rates. Mon., Tues., Wed. and Fri. 7.45 pm. Thurs. and Sat. 4.30 and 8.00. "A THOUSAND TIMES WELCOME IS LIONEL BART'S OLIVER!" "MIRACULOUS MUSICAL." Fin. Times. with ROY HUDD and JOAN TURNER. "CONSIDER YOURSELF LUCKY TO BE ABLE TO SEE IT AGAIN." Dly. Mirror.

ALDWYCH. 836 6404. Info. 836 5332. Fully air conditioned. ROYAL SHAKESPEARE COMPANY in repertoire Ton't., Tomor. 7.30. CORIOLANUS "An evening of true theatrical glory" S. Times. With: Low price prevs. premiere Steve Gooch's THE WOMEN-PIRATES ANN BONNEY AND MARY READ (from 26 July). RSC also at THE WAREHOUSE (see under W) and at The Piccadilly Theatre in last 3 weeks Peter Nichol's PRIVATES ON PARADE.

ALMOST FREE. 485 6224. Lunchtimes. "One Off" by Bob Wilson. Tues.-Sat. 1.15 pm. Suns. 3.0 and 5.00 pm. No Shows on Monday.

ALMOST FREE. 485-6224. Evenings Kurt Vonnegut's "Player Piano" by James Saunders. Tues.-Sat. 8.00 pm. No shows Mondays.

AMBASSADORS. 01-836 1171. Nightly at 8.00. Matinees Tues. 2.45. Saturdays at 5 and 8. PATRICK CARGILL and TONY ANHOLT in SLEUTH The World-Famous Thriller. by ANTHONY SHAFFER. "Seeing the play again is in fact an utter and total joy." Punch. Seat prices £2.00 to £4.00. Dinner and Top-price seat £7.50.

APOLLO. 01-437 2663. Evenings 8.00. Mats. Thurs. 3.00. Sat. 5.00 and 8.00. DONALD SINDEN "Actor of the year." Evening Standard. "IS SUPERB." N.o.W. SHUT YOUR EYES AND THINK OF ENGLAND "Wickedly funny." Times.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN "Hilarious ... see it." Sunday Times. Monday to Thursday 8.30. Friday and Saturdays at 7.00 and 9.15.

ASTORIA THEATRE, Charing Cross Road. 01-734 4291. Mon.-Thurs. 8 p.m. Fri. and Sat. 6.00 and 8.45. (Buffet food available.) ELVIS "Infectious, appealing, foot stomping and heart-thumping." Observer. Seats £2.00-£6.00. Half-hour before show best available seats £3.00. Mon.-Thurs. and Fri. 6 pm perf. only. BEST MUSICAL OF THE YEAR. EVENING STANDARD AWARD.

CAMBRIDGE. 836 6056. Mon. to Thurs. 8.00. Friday, Saturdays 5.45 and 8.30. IPI TOMBI Exciting Black African Musical. "Packed with variety." Dly. Mirror. Seat prices £2.00-£5.00. THIRD GREAT YEAR Dinner and top-price seat £8.75 inc.

CHICHESTER. 0243 81312. Today at 2.00, July 22 at 7.00 THE INCONSTANT COUPLE Tonight and July 21 at 7.00, July 22 at 2.00. THE ASPERN PAPERS

CRITERION. 930 3216. CC. 836 1071-3. Evgs. 8. Sats. 5.30, 8.30. Thurs. 3.00. NOW IN ITS SECOND YEAR LESLIE PHILLIPS in SIX OF ONE A HALF A DOZEN LAUGHS A MINUTE SECOND HILARIOUS YEAR. "VERY FUNNY." Sun. Tel.

DRURY LANE. 01-836 8108. Mon. to Sat. 8.00. Matinee Wed. and Sat. 3.00 A CHORUS LINE "A rare, devastating, joyous astonishing stunner." S. Times.

DUCHESS. 836 8243. Mon. to Thurs. Evenings 8.00. Fri., Sat. 6.15 and 9.00. OH! CALCUTTA! "The nudity is stunning." Daily Tel. 9th Sensational Year.

DUKE OF YORK'S. 01-836 5122. Evenings 8.00. Mat. Wed., Sat. 3.00. Limited Season, must end August 26. JOHN GIELGUD in Julian Mitchell's HALF-LIFE A NATIONAL THEATRE PRODUCTION "Brilliantly witty ... no one should miss it." Harold Hobson (Drama). Instant credit card reservations. Dinner and Top price seats £7.00.

FORTUNE. 836 2238. Evs. 8.00. Thurs. 3. Sat. 5.00 and 8.00. Muriel Pavlow as MISS MARPLE in AGATHA CHRISTIE'S MURDER AT THE VICARAGE Third Great Year

GARRICK THEATRE. CC. 01-836 4601. Evs. 8.0. Mat. Wed. 3.0. Sat. 5.30, 8.30. TIMOTHY WEST, GEMMA JONES, MICHAEL KITCHEN in HAROLD PINTER'S THE HOMECOMING "BRILLIANT—A TAUT AND EXCELLENTLY ACTED PRODUCTION." D. Tel. "AN INEXHAUSTIBLY RICH WORK." Gdn. "NOT TO BE MISSED." Times.

GLOBE THEATRE. 01-437 1592. Eves. 8.15. Wed. 3.0. Sat. 6.0, 8.40. PAUL EDDINGTON, JULIA McKENZIE BENJAMIN WHITROW in ALAN AYCKBOURN'S New Comedy TEN TIMES TABLE "This must be the happiest laughter-maker in London." D. Tel. "An irresistibly enjoyable evening." Sunday Times.

GREENWICH THEATRE. 858 7755. Evenings 7.30. Mat. Sat. 2.30. "Stanley Houghton's Masterpiece," Times. HINDLE WAKES. "A real find," Guardian.

HAMPSTEAD. 722 9301. Evgs 8, Sat 5 and 8 BEYOND A JOKE a new revue

HAYMARKET. 930 9832. Evgs. 8.00. Wednesday 2.30. Saturday 4.30 and 8.00. PAUL SCOFIELD HARRY ANDREWS ELANOR BRON TREVOR PEACOCK and IRENE HANDL in A FAMILY A new play by RONALD HARWOOD Directed by CASPER WREDE "An admirable play honest, well conceived, properly worked out, freshly and fittingly written—richly satisfying—Paul Scofield at his best." B. Levin, S. Times.

HER MAJESTY'S. CC. 01-930 6606. Prev. July 26, 8.0. Opens July 27 at 7.0. Sub. evgs. 8.0. Mats. Wed. and Sat. 3.0. JAMES EARL JONES as PAUL ROBESON A New Play by Philip Hayes Dean.

KING'S ROAD THEATRE. 352 7488. Mon. to Thur. 9.0. Fri., Sat. 7.30, 9.30. THE ROCKY HORROR SHOW DON'T DREAM IT SEE IT!

LONDON PALLADIUM. CC. 01-437 7373. NOW UNTIL AUGUST 19 Mon.-Tues., Thurs. and Fri. at 8. Wed. and Sats. at 6.10 and 8.50. THE TWO RONNIES In a Spectacular Comedy Revue. Book now on hot line 01-437 2055.

LYRIC THEATRE. 01-437 3686. Evs. 8.0. Mat. Thur. 3.0, Sat. 5.0 and 8.30. FILUMENA with Elizabeth Archer & Trevor Griffiths by Eduardo de Filippo Directed by FRANCO ZEFFIRELLI. "TOTAL TRIUMPH." Ev. News. "AN EVENT TO TREASURE." D. Mirror. "MAY IT FILL THE LYRIC FOR A HUNDRED YEARS." Sunday Times.

MAYFAIR. 629 3036. Evs. 8. Sat. 5.30 and 8.30. Wed. Mat. at 3.0. WELSH NATIONAL THEATRE CO. DYLAN THOMAS'S UNDER MILK WOOD

MERMAID. 248 7656. Restaurant 248 2835. Evenings 7.30 and 9.15. EVERY GOOD BOY DESERVES FAVOUR A play for actors and orchestra by TOM STOPPARD & ANDRE PREVIN. Seats £4, £3 and £2. NO ONE WHO LOVES THE ENGLISH LANGUAGE AND THE HIGHEST COMIC ART CAN POSSIBLY MISS THIS PLAY." S. Times.

MERMAID. 01-248 7656. (Rest. 248 2835). LUNCHTIMES July 17-28 (1.05 pm-1.55 pm) TODAY, MY SHAKESPEARE with JOHN WESTBROOK. 3.30 Sir Bernard Miles Illustrated Lecture "Elizabethan London and its Theatres." Price 50p for each event.

NATIONAL THEATRE. 928 2252. OLIVIER (open stage): Tont & Tomor 7.30 MACBETH. LYTTELTON (proscenium stage): Ton't & Tomor 7.45 BEDROOM FARCE by Alan Ayckbourn. COTTESLOE (small auditorium): Ton't 8 AMERICAN BUFFALO by David Mamet. *Tomor 8 The Mayor of Zalamea* (workshop prod). Many excellent cheap seats all 3 theatres day of perf. Car park. Restaurant 928 2033. Credit card bkgs. 928 3052.

OLD VIC. 928 7616 PROSPECT AT THE OLD VIC June—Sept. Season Eileen Atkins, Brenda Bruce, Michael Denison, Derek Jacobi, in THE LADY'S NOT FOR BURNING "fresh and buoyant" Daily Telegraph. Today 7.30 TWELFTH NIGHT "an outstanding revival" The Times. Fri. 7.30, Sat. 2.30 & 7.30.

OPEN AIR, Regent's Park. Tel 486 2431. A MIDSUMMER NIGHT'S DREAM Today and Saturday 2.30 and 7.45 with RULA LENSKA, IAN TALBOT, ELIZABETH ESTENSEN, DAVID WESTON Shaw's MAN OF DESTINY and DARK LADY OF THE SONNETS. *Tomorrow and Monday at 8.00*.

PALACE. CC. 01-437 6834. Mon.-Thur. 8.0. Fri. & Sat. 6.0 and 8.40. JESUS CHRIST SUPERSTAR by Tim Rice and Andrew Lloyd Webber.

PHOENIX. 01-836 2294. Evenings 8.15. Friday and Saturday 6.00 and 8.40. "TIM BROOKE TAYLOR, GRAEME GARDEN make us laugh" D. Mail. in THE UNVARNISHED TRUTH The Hit Comedy by ROYCE RYTON. "LAUGH, WHY I THOUGHT I WOULD HAVE DIED" Sunday Times. "SHEER DELIGHT." Ev. Standard. "GLORIOUS CONTINUOUS LAUGHTER." Times.

PICCADILLY. 437 4506. Credit card bkgs. 836 1971-3. 8.30 a.m.-8.30 p.m. Evgs. 7.30. Sat. 4.30 & 8. Wed. mat. 3. LAST THREE WEEKS Royal Shakespeare Company in THE OUTRAGEOUS ADULT COMEDY by Peter Nichols PRIVATES ON PARADE BEST COMEDY OF THE YEAR Ev. Std. Award and SWET Award

PRINCE EDWARD. CC (formerly Casino). 01-437 6877. Performances This Week. Evgs. 8.0. Mat. Thur. 3.0. Sat. 5.00, 8.40 NOTE CHANGE OF SAT. PERFS. From JULY 22 Sats. 5.0 and 8.40. From AUG. 5, Sats. 3.0 and 8.40. and from SEPT. 2, Sats. 3.0 and 8.0. EVITA by Tim Rice and Andrew Lloyd Webber.

PRINCE OF WALES. CC. 01-930 8681. Evenings 8.0. Saturday 5.30 and 8.45. THE HILARIOUS BROADWAY COMEDY MUSICAL I LOVE MY WIFE starring ROBIN ASKWITH Directed by GENE SAKS CREDIT CARD BOOKINGS 930 0846.

QUEEN'S THEATRE. CC. 01-734 1166. Evgs. 8.00. Wed. 3.00. Sat. 5.00, 8.30. ANTHONY QUAYLE FAITH BROOK, MICHAEL ALDRIDGE and RACHEL KEMPSON in Alan Bennett's THE OLD COUNTRY Play and Players London Critics Award BEST PLAY OF THE YEAR DIRECTED BY CLIFFORD WILLIAMS

RAYMOND REVUEBAR. CC. 01-734 1593. At 7.00 pm, 9 pm, 11 pm. Opens Suns. PAUL RAYMOND presents THE FESTIVAL OF EROTICA Fully air-conditioned 21st SENSATIONAL YEAR

REGENT. CC. Oxford Circus Tube. 01-637 9862-3. THE GREAT AMERICAN BACKSTAGE MUSICAL *Prevs. from 3rd Aug.* Box Office open.

ROYAL COURT. 01-730 1745. Air conds. Ton't & Tomor. 8. Sat. 8.30. Last 3 perfs FLYING BLIND Bill Morrison's "Savage farce." F. Times. "AUDACIOUS COMEDY." Times. Prevs from July 26 World premiere of ECLIPSE by Leigh Jackson.

ROYALTY. Credit cards. 0[...] Monday-Thursday evenings [8] 5.30 and 8.45. Saturdays 3.0 [...] London critics vote BILLY DANIE[LS] BUBBLING BROWN SUGAR Best Musical in 1977 Booking accepted. Major credit [cards]. Special reduced rates for matinee limited period only.

SAVOY THEATRE. 01-836 [...] TOM CONTI in WHOSE LIFE IS IT ANYWAY with JANE ASHER "A MOMENTOUS PLAY. I URGE [YOU] TO SEE IT." Gdn. Evg. at 8.0. Fri. and Sat. 5.45 and [...]

SHAFTESBURY. CC. 01-836 [...] Shaftesbury Ave. WC2 (High Holbor[n]) For a Special Summer Season A New Production of GODSPELL Seats from £1-£5. Best available seats at £2.50 [...] before show from the Box Offi[ce] Mon.-Thur. 8.15. Fri. & Sat. 5.30 & [...]

STRAND. 01-836 2660. Evenings [8.0] Mat. Thurs. 3.00. Sat. 5.30 and [8.30] NO SEX PLEASE— WE'RE BRITISH THE WORLD'S GREATEST LAUGHTER MAKER GOOD SEATS £4.00-£1.00.

ST. MARTIN'S. CC. 836 1443. Evgs. [8.0] Matinees Tues. 2.45. Saturdays 5 a[nd 8] AGATHA CHRISTIE'S THE MOUSETRAP WORLD'S LONGEST-EVER RU[N] 26th YEAR

TALK OF THE TOWN. CC. 734 [...] 8.00, Dining, Dancing (Bars open [...]) 9.30 Super Revue RAZZLE DAZZLE and at 11 pm LOS REALES DEL PARAGUAY

THEATRE UPSTAIRS. 730 [...] Evenings 7.30 [...] IRISH EYES AND ENGLISH TEA[RS] by Nigel Baldwin.

VAUDEVILLE. 836 9988. CC. Evs. [...] Mat. Tues. 2.45. Sat. 5 and [...] Dinah SHERIDAN, Dulcie GRA[Y] A MURDER IS ANNOUNCED The newest whodunnit by Agatha C[hristie] "Re-enter Agatha with another [who]dunnit hit. Agatha Christie is stalking the West End yet again with another of [her] fiendishly ingenious murder myste[ries]" Felix Barker, Evening News. AIR-CONDITIONED THEATRES

VICTORIA PALACE. Book Now. 828 4735-6. 834 [...] STRATFORD JOHNS SHEILA HANCOCK ANNIE Evenings 7.30. Mats. Wed. and Sat. [...]

WAREHOUSE. Donmar Theatre. C[...] Garden. 836 6808. Royal Shakes[peare] Company. Ton't, Tomor. Sat. 7.30 [...] perfs. David Rudkin's THE SON OF [...] "Quite outstanding" F. Times. All [...] £1.80. Adv. bkgs. Aldwych. Stu[dent] standby £1.

WESTMINSTER. 01-838 0[...] SENTENCED TO LIFE "MUGGERIDGE'S trenchant hum[our] THORNHILL'S dramatic art." D. [...] "Intensely human, caring drama." Y. [...] "Tremendous impact." NOW. "[...] sharply moved." J. C. Trewin. Evgs. 7.45. Matinee Sat. 4.30 LAST WEEK. MUST END SAT.

WHITEHALL. 01-930 6692-7[...] Evgs. 8.30. Fri. and Sat 6.45 and 9[...] Paul Raymond presents the Sensatio[nal] Sex Revue of the Century DEEP THROAT 6th GREAT MONTH

WINDMILL THEATRE. CC. 01-437 63[...] Twice Nightly 8.00 and 10.00. Sundays 6.00 and 8.00. PAUL RAYMOND presents RIP OFF THE EROTIC EXPERIENCE OF THE MODERN ERA "Takes to unprecedented limits what is permissible on our stage." Ev. News 3rd GREAT YEAR.

WYNDHAM'S. 01-836 3028. Credit Ca[rd] Bkgs. 836 1071-3 from 8.30 am Mon-Thur. 8.00. Fri. and Sat. 5.15 and 8.3[0] "ENORMOUSLY RICH VERY FUNNY." Evening News Mary O'Malley's smash-hit comedy ONCE A CATHOLIC "Supreme comedy on sex and religion" Daily Telegraph. "MAKES YOU SHAKE WITH LAUGHTER." Guardian.

YOUNG VIC. 928 63[...] Today 2 pm HELEN COME HOME [...] Achilles the Heel—visiting jazz music[al] Eves 7.45 Bartholomew Fair. Young Vic Festival last 3 days. Phone [...] Office for leaflet.

CINEMAS

ABC 1 and 2, Shaftesbury Ave. 836 8861. Sep. perfs. All seats bkble. 1: 2001: A SPACE ODYSSEY (U). 70 mm film. Wk. and Sun. 2.25, 7.55. Late show Fri. and Sat. 11.00. 2: SATURDAY NIGHT FEVER (X). Wk. and Sun. 2.00, 5.15, 8.15.

CAMDEN PLAZA (opp. Camden Town Tube) 485 2443. Taviani's ALLONSANFAN (AA) (By the director of Padre Padrone) 2.45, 6.50, 9.00.

CLASSIC 1, 2, 3, 4 Oxford Street (opp. Tottenham Court Rd. Tube) 636 0310. U and A progs. Children Half-price. 1. Walt Disney's HERBIE GOES TO MONTE CARLO (U). Progs 1.30, 3.40, 5.55, 8.05. Late show THE GODFATHER PART II (X) 10.30 pm. 2. Doug McLure WARLORDS OF ATLANTIS (A). Progs 1.10, 3.30, 5.55, 8.20. Late show THE ROCKY HORROR PICTURE SHOW (AA). THE PLANK (U) 11 pm. 3. Bruce Lee GAME OF DEATH (X). Progs. 2.00, 4.15, 6.30, 8.45. Late show 11 pm. 4. LEBANON ... WHY? (A). Arabic Dialogue English subtitles. Progs 1.05, 2.50, 5.30, 8.10. Late show 10.50.

CURZON, Curzon Street, W1. 499 3737. (Fully Air Conditioned) DERSU UZALA (U) in 70 mm (English sub-titles). A film by AKIRA KUROSAWA "MASTERPIECE" Times. "MASTERWORK." Observer. "MASTERPIECE" E. News. Film at 2.0, 5.45 and 8.20.

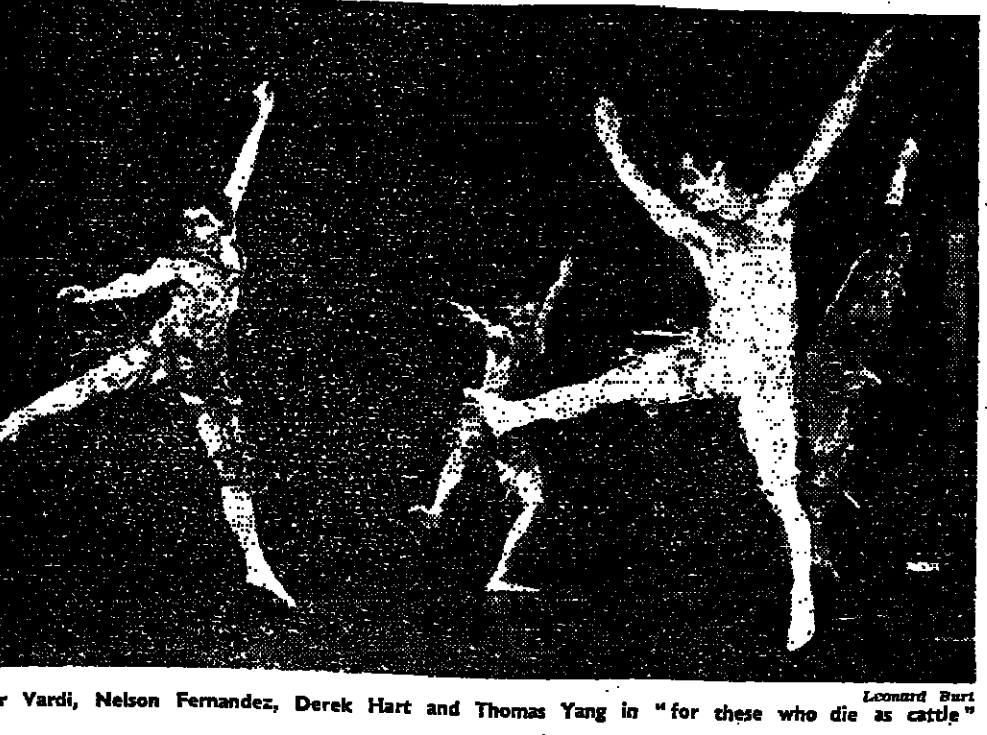
LEICESTER SQUARE THEATRE (930 5252) Richard Burton, Roger Moore, Richard Harris, Hardy Kruger in THE WILD GEESE (AA). Sep. progs. Wks. 1.00, 4.30, 8.10. Sun. 3.30, 7.45. Late shows Weds., Thurs., Fris. and Sats 11.45 pm. Seats may be booked in advance for 8.10 prog. Mon.-Fri. and all progs. Sat. and Sun. Excl. late night shows.

ODEON, Leicester Square. 930 6111. REVENGE OF THE PINK PANTHER (A) Sep. progs dly. Doors open, morning show 11.00 am (not Sun.), 1st prog. 1.45, 2nd prog. 4.30, eve. prog. 7.45. Late night show Mon.-Sat., doors open 11.15 p.m. All seats bkble., except morning show and Mon. late night show, at the Box Office or by post.

ODEON, Haymarket. 930 2738-2771. Jane Fonda, Vanessa Redgrave in a Fred Zinnemann film JULIA (A) Sep. progs. dly. 2.30 (not Sun.), 5.45, 8.45. Feature dly. 2.45 (not Sun.), 6.00, 9.00. All seats bookable at theatre.

ODEON, Marble Arch, W2. 723 2011-2. CLOSE ENCOUNTERS OF THE THIRD KIND (A) Sep. progs. dly. Doors open 1.05, 4.15, 7.45. Late show Fri. and Sat. Doors open 11.15 p.m. All seats bkble.

PRINCE CHARLES, Leic. Sq. 437 8181. Mel Brooks HIGH ANXIETY (A) Sep. perfs. dly (inc. Sun.) 2.45, 6.15, 9.00. Lte show Fri. and Sat. 11.45. Seats bkble. Lic'd Bar.


ir Vardi, Nelson Fernandez, Derek Hart and Thomas Yang in "for these who die as cattle" *Leonard Burt*

und House

Embrace Tiger by CLEMENT CRISP

e Rambert company looked
cularly strong and well-
sed on Tuesday in the
d programme of its current
d House season.
Glen Tetley's *Embrace*
r, which has made a wel-
return to the repertory, the
and mysterious posing
h begins the piece melts and
s into duets both erotic and
essive, and culminates, for
vith a quintet that is among
best things Tetley has ever
eived All this is very well
, with Sally Owen, Michael
Yair Vardi, Thomas Yang
Mark Wraith exceptional in
uintet. Miss Owen flung be-
n the men or walking deli-
y among them on their
s. Odd; beautiful.

In the two works by Christopher Bruce in the programme—*for these who die as cattle* and *Black Angels*—the men were again excellent. Bruce's meditation upon the soldier's companion, Death, in *cattle* is so sincere and convincing in utterance that little needs to be said, save that Bruce himself makes an extraordinary impression as Death, an immobile and watchful figure whose most chilling moment is in turning over a corpse with an incurious foot.

Black Angels received its customary intense interpretation, led by Zoltan Imre and Yair Vardi, both tremendous, and with Michael Ho very positive as the third man, and Sally Owen fine as the Madonna-figure. It is not a work that I can see too often, for its searing effects do not diminish in power, nor do the dedicated performances from its cast.

For light relief in the evening we had Leigh Warren's *Nuthouse Stomp*, a piece I enjoy—despite its excessive length—for its inconsequence, and the quite irrational ways dances explode and then subside, and for the total illogicality of the whole exercise. It is zany, and with enough dynamic variety and wit about popular movement to make it worth seeing, not least for the way Lucy Burge manages to look bored and yet dance frenetically.

rchill, Bromley

he PM's Husband by B. A. YOUNG

Prime Minister is a lady,
the Leader of the Opposi-
(who is also General Secre-
of the TUC) and the Chan-
and the Bishop of London.
ions runs at a steady 98 per
Unemployment verges on
The date is vaguely in the
1980s, and Helen Tyler, the
Minister—given a familiar
by Maggie Fitzgibbon—has
a snap election to avert

(Joan Newell), is a Clydeside virago. The Prime Minister's husband—and he does hang about in the background, played by Gerald Flood, with his usual style, extinguished by housework—decides to leave his dominating wife, and it is Angel who fixes the terms of the separation, having enlisted him in a new trade union, NUHAT, the National Union of Husbands and


Maggie Fitzgibbon and Gerald Flood *Leonard Burt*

nic caused by four mem-
f her Cabinet resigning
obs to go and work at
and Spencer.
Paice's farce is set in a
l background, but its
are not really political
They are good old farcical
Vanessa, the Prime
r's daughter (Karen
is in love with the Emir
in, and the Emir (Arthur
likes to be called Jock
ays the bagpipes. Angel
, the Opposition Leader

Allied Trades. Angel also fixes the terms of Vanessa's marriage, which include a dowry of £700m.

The comedy is not worked out with the trim detail of Feydeau or Ayckbourn. If it were the kind of play where such things matter, one might detect loose ends flapping in the wind all over, but Mr. Paice and his director, Alexander Doré are content to tickle us with cartoon-style jokes that we laugh at and forget. The Prime Minister's Political Secretary is called Dow-

Jones: her Press secretary is Anna Ripoff; her rooms at No. 10 consist of an open-plan sitting-room where her husband cooks and cleans. The basic rule of farce, that you should be able temporarily to believe what you see, is mostly neglected, an error which might be more easily forgiven if the streams of absurdity

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designed to keep us laughing did so more whole-heartedly.

Well, never mind, it's a play with no more ambition than to keep the mind off the world for a couple of hours, and it does that. But it is a pity that Mr. Paice should have missed an opportunity to say something rather more scarifying about our governors, when there is so much to say. It seemed for a moment, when near the end he began a scene with the same situation as he had used at the start, only with the Emir in the Prime Minister's place and the Prime Minister in her husband's, as if he were about to say something to us, perhaps to offer us a moral. But the moment passed.

Book Review

A Full Life by C. P. SNOW

Double Harness: Memoirs by Lord Drogheda. Weidenfeld and Nicolson, £10.00. 385 pages

Lord Drogheda has had an unusually complicated and interesting life. Himself, he calls it schizophrenic which, untypically for him, is clinically incorrect. Schizophrenic does not mean split down the middle. But he really has, for many years, fulfilled, with indisputable success, two entirely different functions, as business boss and as aesthete, more precisely as aesthetic impresario. The first has been as overlord of the group of papers and journals brought together by Brendan Bracken, with the one in which I am writing as the centrepiece, from which Drogheda retired as chairman and chief executive in 1977. The second, in his aesthetic domain, was as chairman of Covent Garden, where he had a long and illustrious reign.

So, since he was a youngish man, Drogheda has played a significant, if somewhat offbeat part, in the national life. At *the end of this book of memoirs*, he wishes, a little wistfully, that he could have done more, in a direct political sense. He has no need to repine. He has done a lot.

Curiously enough, he says that he has always lacked self-confidence, which has been a major handicap. This sounds surprising, but he is very candid about himself, and it may be true. If it is, he has more than compensated for it by other qualities, conscientious and obsessive industry (without which his career would be inexplicable), an oblique talent which, in certain Cambridge circles used to be known as "spin," meaning a detached and semi-ironic skill in personal relations and judgment, and, above all, utter involvement in his double life.

As in nearly all complicated careers, a good deal occurred by chance. He started with some practical advantages. There doesn't seem to have been much money in the family, but for two or three hundred years they had been ascendancy aristocrats. The Irish connection was tenuous by his father's time, but the title was an Irish one. Drogheda sits in the Lords under the UK style of Baron Moore, which was conferred as recently as 1954. As a young man, he may have been diffident, but he had easy and immediate access to the beau monde, or what was left of it. He had to earn a living, and worked with his usual application at a very dull job in the City. In the evenings he went into the smart world of the 1930s. He was liked, as he has usually been in most societies. After suffering in love, he married a pretty and gifted girl and they were a popular pair, though their aesthetic taste must have made them faintly unfamiliar in some stately homes. His real piece of luck, however, didn't come from the smart world at all. It came through being taken up by Brendan Bracken.

Bracken was one of the strangest of fish, but he had remarkable qualities. Drogheda writes of him with much understanding and affection, and, with characteristic honesty, says that there were parts of his temperament and life which he still doesn't begin to understand.

Anyway, Bracken got Drogheda into operation, in charge of a small paper in Bracken's control, the Financial News. At the time Drogheda knew next to nothing of financial affairs, but was prepared to learn. He made a modest reputation, quite quickly. Hence, after the war, more Bracken activities. The Financial Times was up for offer, and promptly acquired. The old Financial News was absorbed, and Drogheda was well on his way. With some acute talent spotting, especially in the choice of editors, where Gordon Newton became one of the most successful of our time, the Financial Times developed into the shape we now know it.

Drogheda proceeded simultaneously to take charge of Covent Garden. It was by another fluke that he was invited there. He dedicated himself, at least as much to music as to journalism and finance and making the Bracken papers good and profitable. Part of his nature, a large part, had always been given to aesthetic things—not specially literary (literature may not be purely aesthetic enough for his natural taste) but musical and visual. He was a born connoisseur. He didn't want or aspire to create anything. He was one of those satisfied to be a servant or promoter of the arts. He writes with passionate feeling and delight of his time, nearly 20 years, at Covent Garden. Throughout these memoirs he shows something like total recall, occasionally with comic effect. In the Covent Garden chapters, an opera experienced years ago moves him as though it was last night.

In his amiable detached fashion, he was prepared to cope with the infighting of the operatic and ballet worlds, no different from the infighting he had coped with elsewhere. It is due to him, at least as much to any single person, that the highest class of those performing arts has still survived in London. Minority arts? Of course. So are all the other arts subsidised by the Arts Council. The only majority arts in this country are shown on television or the football field.

Drogheda says that he has had a happy life. He has certainly helped to make a good many others happy as becomes clear in this enjoyable book.


Lord Drogheda

Southwark Cathedral

The Prodigal Son

At the Aldeburgh Festival, where each was first presented in a different year, Benjamin Britten's three "parables for church performance", fell into place as part of a larger experience. Their short length—about an hour apiece—was acceptable in that context and was turned to positive advantage in the subsequent single-disc recording. As self-contained performances offered amid London's crowded concert calendar, however, such works offer short measure and (being all-male) a certain lack of variety. It is not much wonder that *The Prodigal Son*—presented by the City of London Festival—left most seats empty at Southwark Cathedral on Tuesday. Those who came suffered the lack of a cast-list, with a spoken announcement coming not entirely to the rescue.

Fascination with Britten's resourcefulness carried me through the performance, rather than any fascination with the biblical drama in this form. The four principal singers, the supporting chorus, and the eight-piece orchestra are deployed with virtuosity in a quasi-oriental musical language of a kind which Britten actually invented for these "parables." It is a language which dovetails marvellously into the traditional plainsong with which the performers (instrumentalists as well) enter and leave our presence. The Aldeburgh staging, with its rostrum and special gestures (the creation of Colin Graham) was re-used here.

The performers, members of the English Music Theatre Company which succeeded Britten's own English Opera Group, showed themselves in a real sense Britten's heirs. Bryan Drake, the Elder Son of the original Aldeburgh production in 1971, now sang with splendid authority as the Father. Bernard Dickerson, also known from Britten's days, was the clear-voiced Younger Son; and Donald Stephenson, less familiar, as the Elder Son was even more remarkable in finding a personal expression behind the imposed ritual gestures of the production. His voice revealed a noble, impressive quality. ARTHUR JACOBS

Glyndebourne

La Bohème

With four performances of Puccini's *La Bohème* still to go at Glyndebourne, the role of the artist Marcello has passed to John Rawnsley. He makes an excellent contrast with Alberto Cupido's glamorous Rodolfo: this Marcello is a hairy Northern art student, full of bluff comic energy, given to fuming expostulations, his shirt-tail and trouser-tops on uneasy nodding terms. Unlike Mr. Cupido, he develops: his solid baritone (with very decent Italian, too) conveys the acquisition of a baffled maturity as the action progresses. As Ronald Crichton wrote here after the première, Cupido's very light tenor places the words marvellously in quick conversation; but in his big numbers the voice takes on the unmistakable ring of modern Italian pop, with the consequent generalised feelings.

Linda Zoghby's Mimi remains a figure of sterling modesty, at once childlike and prematurely grown-up; she finds herself expiring as if she had never expected anything else. The spirited Musetta of Ashley Putnam matches Mr. Rawnsley in their Act Three wrangling, but her turn in Act Two is executed in Broadway show style, and the character takes some time to recover. Alan Charles scores a good beta-plus with his Schaunard; Willard White, with the best voice on stage, makes a splendidly louche Colline—greatcoated, bearded and coffee-coloured—and bides his time until the final scene to weigh in with the philosophical gravity of Debussy's King Arkel.

That makes a surprise; but it throws the small-scale charms and regrets of the operatic story into a neat perspective, which the youthfulness of the cast makes unusually effective. Perhaps standard big-house performances of *La Bohème* coarsen its fragile virtues by inflation. The brisk, unlingering reading of the score by Nicholas Braithwaite, who conducts now, is no doubt inherited from Nicola Rescigno. The big tunes are struck up with more fervour than subtlety, and near the end of the season the London Philharmonic sounded once or twice uncomfortably like a pit band. DAVID MURRAY

Guildhall

Monteverdi Choir by RONALD CRICHTON

The first big concert of the Festival of the City of London brought John Eliot Gardiner and the Monteverdi Choir and Orchestra to Guildhall on Tuesday with a programme of Handel, Purcell and Rameau that deserved to draw a better audience. Handel's Psalm *Dixit Dominus* must now be in the repertory of every small choir able to master the brilliant writing and bold ideas that poured from the young Saxon's pen as if he were intoxicated with Italian music. The Monteverdi Choir sang the rapid scales and octave leaps with lightness and sureness, ensuring that almost every note could be seized by the listener before spiralling up to the Guildhall roof—quite a feat.

There was good solo work, as well. In the quiet, throbbing "de torrente in via" the two sopranos, Jennifer Smith and Sally Bradshaw, blended sensitively (Miss Smith had already distinguished herself in "Tecum principium", fated to remind irreverent ballet-goers of the Widow Simone's clog dance in *La Fille mal gardee*. The counter-tenor Charles Brett has a fine sense of style as well as remarkable breath control. The others, less conspicuously but usefully engaged, were Paul Elliot and Stephen Varcoe.

The same singers, with a second baritone (Charles Stewart) were heard again in Purcell's Birthday Ode. *Welcome, welcome, glorious morn*, which has enough striking music to make it well worth hearing even if it is not exactly the work to follow the fireworks of *Dixit Dominus*. The good things include a stirring trumpet piece and two arias, for baritone (Mr. Varcoe) and soprano respectively, each with attendant chorus. Miss Smith sailed through her difficult solo—in which Purcell concentrates on a part of the range where many sopranos tend to go unsteady, not only with composure but with full, glowing tone.

After the Purcell the choir left the stage to the orchestra for a Ballet Suite from Rameau's *Les Boréades*, his last opera, of which this conductor and orchestra three years ago gave the first complete performance, more than 200 years after it was written. The Suite gives an idea of the wealth of unexpectedness of which Rameau was still capable at the age of 80. Not only in quick dances, lively and colourful as ever, but in a warmly sensuous Entrée for Polyhymnia, with a quality of long-breathed melody for which this composer is not often given credit. A good appetiser for the complete Prom performance to come.

Festival Hall

Chieftains by ARTHUR SANDLES

There are certain atmospheric difficulties in hearing an Irish folk group in London's Festival Hall. The bars only sell English-Brewed Guinness in half pint bottles; the hall itself is plastered with large no-smoking signs; and its central heating system does not, as far as I am aware, operate on peat. To see such a group without the combined hazes of tobacco smoke and alcohol and missing the added dimension of smouldering turf in the fireplace potentially reduces the experience.

The Chieftains, however, seem to carry their own little package of atmosphere with them. Dressed in assorted working clothes they ambled on to the podium as if suddenly called from manning the village post office counter or teaching in some nearby classroom. Such blatant cosiness exposes musical talents much more testingly than any production razzmatazz but the Chieftians are old hands at this game. Within minutes heels are tapping the Festival Hall's polished wood strip flooring and reels being danced on its thick carpeted aisles.

The Chieftians rely on music, not words, for their performance. Two fiddles, Irish pipes, a penny whistle, a flute, Irish harp and a collection of those hauntingly basic one-sided Gaelic folk drums are the tools of their trade: instruments (even the small harp) which can be carried quickly and easily from village to village along roads which were never really good enough to be worthy of the name.

If a critic's job is to remain above the emotion of an occasion then let me confess to failure. As the Chieftians played so my mind would wander off to the wild and de-populated lands of the Irish west where musicians like this, and yet never like this, are still a major form of Saturday night entertainment. The group's ability to create a mood has been recognised often before. The film Barry Lyndon looked to superb photography and the music of the Chieftians for its effect.

The Festival Hall brought this skill, and their musical ability into sharp focus. It is a rare folk group which can survive such close examination, but survive they did with Irish and English alike yelling for more at the end.

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Keeping the secrets

THE LABOUR PARTY Manifesto of October 1974 said that the Party "believes that the process of Government should be more open to the public." In particular, it promised that a Labour Government would "replace the Official Secrets Act by a measure to put the burden on the public authorities to justify withholding information."

There need be no great shame, and indeed there might be some virtue, in a political party abandoning when it comes to office a commitment made in opposition. Yet the commitment to more open government was modest even by the standards of the time. The Fulton Report on on the Civil Service, for example, proposed in 1968 that there should be an official enquiry to make recommendations "for getting rid of unnecessary secrecy in this country." The point was taken up in the Tory Manifesto of 1970 and two years later the Franks Committee had produced proposals for change. It is therefore distinctly odd that it should have taken a Labour Government four years in power to come out with a White Paper that, at best, goes only a little beyond Franks and, at worse begs the whole question of access to information.

Absurd

The trouble with Section 2 of the Official Secrets Act 1911, as Franks remarked, is its "catch-all" nature. Virtually anyone is liable to criminal prosecution not only for passing on official information without authorisation, but also for receiving it: at the same time, there is no definition of what sort of information might reasonably be made available, and how. And yet, by now, the Section has acquired a certain negative merit: it is so manifestly absurd that it is rarely used.

It follows from that that one of the potential pitfalls for reformers is that new legislation might be actually more restrictive rather than less. If we were to have an Act that is specific about the type of information that may or may not be disclosed, the temptation would be to use it.

The Franks Committee was able to do very little about this problem because its terms of reference were so narrow.

It was obliged to accept not only the assumption that criminal prosecutions could and should continue, but also the principle that the disclosure of information was at the discretion of the Government. There was nothing at all about the public's right to know.

The present Government has no such excuse. After all, it was the Labour Party's own manifesto which talked about putting the burden on the public authorities to justify withholding information. The shift proposed there goes to the heart of the matter—it means abandoning the principle of release by discretion or government judgment, and accepting that official information should be made available to the public unless there are good reasons to the contrary. It is that shift of the onus that is the issue.

The White Paper published yesterday has none of this. Its one major change from Franks is that the disclosure of economic information of any kind should no longer be liable to criminal prosecution. (Franks—in the days of fixed exchange rates—had wanted to maintain sanctions relating to the currency and the reserves. Otherwise the rules of the game remain the same: the Government has the right to prosecute and disclosure is made by discretion.

Scrutiny

It is said in justification that more information is now available than before and that Britain differs from Sweden and the U.S.—where access to information is the rule rather than the exception—in that "the policies and decisions of the executive are under constant and vigilant scrutiny by Parliament." All that needs to be said about the first proposition is that information published after decisions have been taken will do precious little to improve the decision-making process. As for the second, does the Government really believe that it is so harried by backbench MPs that it is obliged to disclose all that it knows? The fact is that under present conditions governments can get away with almost anything—not to speak of the local authorities.

Ten months at 10 per cent

THE LATEST monthly survey of earnings shows that by May earnings in the economy as a whole were 12½ per cent higher than a year earlier while in the production industries which used to be the basis of the survey the increase was 14½ per cent. This is a slightly more encouraging trend than was apparent from the previous month's figures. But it is still a disappointing, albeit not unexpected, outcome of a 10 per cent target. It points to a final outturn for the present wage bargaining year broadly in line with the 14 per cent which has been the most popular guess for some time past.

This is assuming that the newer series for the economy as a whole, which shows a 11½ per cent increase during the first ten months of the wage bargaining year as against one of 14 per cent in the production industries, is a more reliable indicator of the general trend. The latter series not only covers fewer workers—some 11m as against 21m—but is also seasonally adjusted

Completion

Although the Department of Employment believes that about 90 per cent of the total of major settlements have now been made, many unions had previously been deliberately delaying completion in the hope that the guidelines would be less strictly observed as time went by and that their own bargaining position would be improved. As a result, only about two-thirds of major settlements had been made by the time of the May survey, which was significantly below normal. Even so, the difference between the two series is not wholly the result of difficulties in applying seasonal adjustments. The higher rate of increase in earnings in the production industries will to some extent reflect the effect of productivity deals as well as overtime payments and other forms of wages drift which are to be expected during a period of recovery in output.

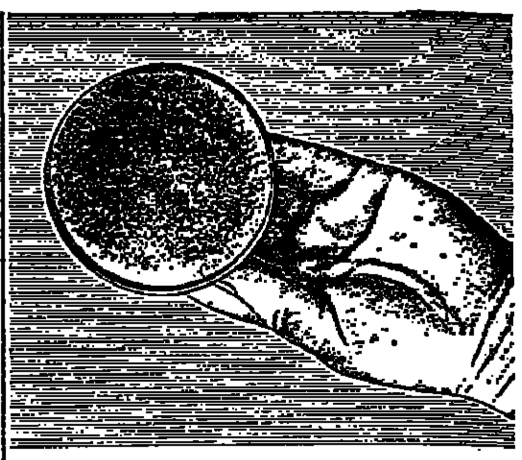
Whatever the final outcome, it is clear that the year-on-year rise in average earnings is now pulling well ahead of that in the index of retail prices. In May retail prices were 7.7 per cent up on the year, while in June the increase was 7.4 per cent. The improvement in real gross earnings is being carried further by tax cuts and consumer spending is likely to continue to grow for some time to come; so, too, are imports of finished manufacturers.

It is equally clear, however, that the prospect for maintaining an improvement in real incomes as well as the prospects for growth and inflation now depend upon a substantial moderation in the going rate of wage settlements. Annual increases of around 14 per cent are plainly inconsistent with the hopes of continuing to contain inflation within single figures. It is possible that the present improvement in living standards, the recent slackening in the rate of inflation, and memories of the wages and prices explosion of 1974-75 may so affect expectations as to encourage unions to press for smaller increases in the next round. But it is not a risk that the Government seems prepared to take. By the same token, with earnings exceeding the current 10 per cent target by a margin of around 4 per cent, it is clear that if the Government is aiming at an earnings increase of below 10 per cent in the next round it cannot set a wages target higher than the one of 5 per cent already mentioned

Such a figure must be expressed as a guideline, and not be turned into a norm as happened during the present round. For there is now an urgent need for flexibility so as to permit a progressive easing of all the anomalies that have been built up during three years of fairly rigid pay restraint. This means in particular that Ministers should not be tempted into using their dealings with the private sector, such as procurement contracts or aid schemes, as a means of imposing sanctions. And greater flexibility must also mean the end of dividend controls. For to persist in preventing the proper operation of the labour and capital markets can only do serious harm to the economy.

INDUSTRIAL PROTEINS

BY KEVIN DONE, Chemicals Correspondent



Bugs in the challenge to soyabeans and fishmeal

BRITISH PETROLEUM was one of the first companies in the world to solve the problem of producing protein on an industrial scale. Its own technology, developed in France and the UK, could justifiably be said to have led the field in the search for ways of bridging the world's growing protein gap. That lead has since been whittled away by its rivals, chief among them Imperial Chemical Industries, Hoechst and Kanegafuchi Chemical of Japan. But now BP appears suddenly to be out of the race, beaten by problems not of technology but of politics—after becoming trapped in a web of intrigue in Italy that has proved impossible to unravel.

Many food, oil and chemical companies around the world enthusiastically picked up BP's lead in the 1960s and early 1970s, by few have stayed the course. Meanwhile, BP realised its own goal of building a full-scale commercial plant, located in Sardinia. But that plant, built at a cost of £40m in a joint venture with Anic, the Italian state-owned petrochemical company, is not on stream because of the authorities' refusal, on medical grounds, to let it operate. BP has also decided to close its pilot protein plant at Grangemouth, Scotland. Thus, with its demonstration plant at Lavera, France, already in mothballs, it no longer has any active projects in hand.

Possibilities for licensing still exist, most promisingly in the USSR. But for all practical purposes BP is now out of the game as a producer in its own right—a chastening experience for the company that pioneered the field. Its process technology has been shown to work, but it has been overcome by a combination of political and economic forces.

The world population is expected to grow to more than 6bn by the year 2000, despite the fact that two-thirds of the present population of some 4bn is forced to live on a diet that is seriously deficient in proteins. The major sources of protein in the world at present are soyabean meal and fishmeal, the main protein ingredients used in compound animal feedstuffs. Fishmeal, especially, is a product that is limited by supply as fishstocks in the world's oceans become seriously depleted.

Many companies, therefore, are convinced that a major market for industrial protein exists. When the companies launched their research and development programmes, many explained their work in terms of wishing to help civilisation with one of its most pressing problems, namely how best to feed the rapidly increasing world population. That may be so, but many were soon deterred by less idealistic reasons, namely that their projects were simply not economically viable.

However, BP was able to build its plants before the upward spiral of inflation took its full toll. And it maintains that its Italian plant, finished in 1976, could still be a viable operation, despite the fact that it, too, was hard hit by the oil crisis of 1973, when crude oil prices quadrupled overnight.

The BP processes use crude oil fractions. In the light of the OPEC price increases, one BP director ironically described the company's protein technology as "a little like inventing a process for making coal from oil." Such a description is too extreme, but Mr. Hector Watts, managing director of BP Nutrition, himself argues that there must be doubts about the viability of any protein plants being built today under present economic conditions. They have been hit, he says, by the rapid inflation of capital costs, the sharp increase in oil prices and the relative fall in prices for soyabean meal, the market in which industrial protein would be competing.

Companies such as ICI and Hoescht certainly disagree with this view, but they have both developed processes which use methanol rather than crude oil fractions as the feedstock, and these offer some cost advantages. But Mr. Watts maintains: "Under present conditions in a free market economy, if you cost the feedstock at the commercial world market price, industrial proteins are not competitive with soya."

BP started out on the costly path of protein research in 1959. A French BP research team under Alfred Champignat based at Lavera was looking for a way of taking the wax out of gas oil to make it flow more easily in low temperatures. It was experimenting with biological ways of eating the wax out with yeast bacteria, when it discovered by accident that the waste it was throwing away from the process contained a high percentage of crude protein.

Yeasts have been used since the earliest times to produce alcoholic drinks, bread and cheese. And more recently batch fermentation processes based on yeasts and carbohydrate wastes such as molasses, have been used to produce animal fodder proteins.

But the BP breakthrough was to launch this form of protein production on a big scale, with a continuous process based on a feedstock available in really large quantities: crud eoil.

In 1963 it built a half-a-tonne per day experimental plant at Lavera, near Marseilles, based on gas oil. But this process had the major disadvantage of needing a very severe purification stage when the protein was being harvested. So BP set up a parallel research project at Grangemouth, where its scientists used medicinally pure normal paraffins as the feedstock. This feedstock was readily available from the nearby BP refinery.

By 1965, pilot plants in both locations were producing proteins for extensive independent taxicity and nutritional tests in Holland. Further development units were built with a capacity of 4,000 tonnes a year at Grangemouth and of 16,000 tonnes a year at Lavera.

But then BP made what has turned out to be the fatal mistake. In its search for a partner with whom it could share the capital costs of building a commercial scale plant with the much bigger capacity of 100,000 tonnes a year, it found Anic, the chemicals arm of ENI, the Italian state hydrocarbons corporation.

The Italian company seemed an obvious choice. Anic was both interested and had access to Libyan crude oil, which is rich in the normal paraffins needed for the protein process. It was already operating a refinery at Sarroch, Sardinia, where development land was readily available. But, perhaps most important for such an untried venture, Sarroch was in an area that qualified for the maximum development grants and low-cost loans from the Italian authorities. The jointly-owned Italproteine company was born.

The plant was finished in 1976, but it has never been allowed to enter full production. The reasons are obscure and tied into a web of political and medical intrigue with the Italian authorities.

The decrees allowing the plant to operate were suspended in 1976 and from that day BP has never been told specifically what extra tests were needed to satisfy the authorities.

The Italians said they had found a residue of n-paraffins in the back fat of pigs fed on Toprina at a level of 70 parts per million. BP does not dispute the finding but indignantly questions its value. Mr. Watts points out that rice on sale in Italy has traces of n-paraffins at 1,400 parts per million. In the U.S., even the Food and Drug Administration, one of the toughest regulatory authorities in the world, allows an n-paraffins level of 1,500 ppm in bread and 950 ppm in meat. BP has argued consistently that there is no scientific basis for the Italians' complaint.

The plant was allowed to operate for the commissioning stage at the beginning of 1977, but then it was closed on the further ground that dust emission from the plant was too high. In fact, says BP, the dust level was one-fortieth of that allowed for other plants such as cement works in Italy.

Apart from passing the U.S. and United Nations specifications, BP has had Toprina pased for use in every EEC country except Italy as well as in Spain, Portugal, South Africa, Venezuela and Switzerland.

Hector Watts is unequivocal in his condemnation of the actions of the Italian authorities. "It is an absolute scandal that it should be brought to nothing for reasons that do not have any scientific justification whatsoever."

Three weeks ago, the Italian Higher Health Council finally ruled against the full production of bioproteins. But by then BP had already decided it could wait no longer. The hold-up was costing Italproteine £10m a year to keep the plant on a care and maintenance basis, and the parent companies decided to put Italproteine into liquidation.

The Italian objections have not been accepted by any of the other EEC countries. BP has perhaps fallen foul of environmental authorities out to prove their toughness in the wake of such disasters as Seveso.

Other theories for the Italians' action abound, including the proposition that it was the power of the lobby of soya importers that won the day. Certainly they would stand to lose a growing share of a valuable market. Also caught up in the controversy in Italy is a rival plant built by Liquichimica at Saline, in Calabria, using the n-paraffins-based technology of Kanegafuchi of Japan.

But for BP, the final irony is that the development grants—a major reason for it going to Italy—may never be paid. They are conditional on the plant operating, and the authorities have made sure that never happens.

Several other companies, including such names as Shell, have abandoned industrial protein research. But at least two others in Western Europe, ICI and Hoechst, are pressing ahead confidently with their own processes. It is perhaps no coincidence that it is two of the world's leading chemical companies—as against oil or food companies—that are now leading the field. And both have hit on the same feedstock, methanol.

ICI's process involves the continuous fermentation of methanol by a selected micro-organism, which is then harvested and dried to yield granules or powder containing more than 70 per cent protein. (BP's crude oil processes yield 60 per cent protein).

ICI searched the world for the right bug, or bacterium, for its process, before eventually finding it in a field in Durham. It first started work on protein in 1968, but it wasn't until 1976 that it decided to go ahead on a commercial scale. It is building its first "Pruteen" plant on Teesside at a cost of some £40m. With a capacity of 50,000 to 70,000 tonnes a year, it should be in production late next year.

Publicly, ICI shares none of BP's doubts about the current viability of industrial prote production. For ICI, Prutee the trade name for its sing cell protein, represents a ra chance to build a new busin sector that could grow into major operation in its own rig If the first plant is successf ICI intends to follow it quick with progressively larger plan It is already talking of selli 1m tonnes a year in the 199 which would put Pruteen on t same footing in terms of size established sectors such as pl tics and fertilisers.

ICI's production will be sc in northern Europe as calf a poultry feedstuff. The compa estimates that in the 1980s t European feed industry will u over 20m tonnes of prote supplements a year. As mu as 2m tons of this total cou be accounted for by high-quali concentrated products such industrially-produced single-c proteins.

ICI is happy with the toxic and market trials that Prute has gone through to date a has already gained clearance f the product in several countri Its position is strengthened l its allied knowledge of methan technology and it is confide that the project is viable, ev with world-priced feedstock.

Hoechst of West Germany, tl world's largest chemical co pany, started protein researc even later than ICI, in 197 Earlier this year it opened 1,000 tonnes a year demonstr tion plant based on methanc But unlike ICI it is doubtf whether it will ever build larg scale commercial plants on i own account.

The West German interest h centred on pursuing pure bi chemical research and much c the original stimulus has com from the Government, which backing a DM 200m researc programme over the ten year to 1980. Some DM 43m has bee provided for the Hoechst protei programme, on which the com pany itself has spent DM 60m i the years from 1971-79.

The commercial exploitatio of Hoechst's process will prob ably be left to its process plan building subsidiary, Uhde. Th German chemical giant itself i more immediately interested i the insights the developmen programme will offer in othe areas of its research, particu larly in antibiotics for it pharmaceutical division.

Unusually in this instance, Hoechst has not been looking for a quick route to improved cash-flow with the usual criterion of a return on investment within five years. As Mr. Wolfgang Sittig, manager of Hoechst's plant explains: "Bugs are very fine chemists, the best chemists in the world, and we want to know how to deal with them."

INDUSTRIAL PROTEINS' COMPETITORS

SOYA AND FISHMEAL—PRICES

Estimated average prices—$ per tonne

	1965	1970	1973	1975	1976	1977
Fishmeal (ex-store New York)	159.7	185.8	468.8	242.4	331.5	396.0
Peruvian fishmeal (Hamburg)	190.0	197.0	542.0	245.0	376.2	452.0
Soya meal (Chicago)	75.9	84.3	245.0	132.5	162.7	190.0
Soya meal (Rotterdam)	94.0	103.0	302.0	155.0	198.3	231.0

PRODUCTION OF SOYABEANS

thousand tonnes

	China	U.S.	Brazil
1965	9,500	19,076	523
1970	9,700	30,839	1,509
1973	9,600	34,581	5,000
1975	10,000	33,062	9,892

PRODUCTION OF FISHMEAL

thousand tonnes

	S. & S.W. Africa	Western Europe	Japan	Peru
1965	274	800	338	1,350
1970	303	859	650	2,257
1973	241	945	778	423
1975	245	994	800	712

Source: BP Nutrition

MEN AND MATTERS

Dispute flares over race film

With race relations in Britain in a disturbing state, any contribution to understanding the causes of the present tension can only be welcomed. The BBC's series this week on a multi-racial Britain is one small attempt in this direction, even if broadcast at the late hour of 11. Viewers of this may, for instance, have been surprised the other night to hear that a royal proclamation for the deportation of "Negroes and blackamoores" was signed in 1601 by Queen Elizabeth.

But even though the arguments put forward in these talks have occasionally been strongly phrased—for instance that racism is inherent in the history of Britain's treatment of its empire and is now only different in being "at home" and of a "declining social formation"—far stronger is the anger portrayed in the film Blacks Britannica.

Showing at London's Scala cinema since the weekend, this hour-long documentary was made for the U.S. Public Broadcast Station, WGBH, but has caused a double controversy over censorship and copywright.

Its producers gave it in an agreed final form to WGBH in mid-June but were appalled when the station altered the structure of the film, David Koff, who directed the film, told me from Boston that he considered it had been "mutilated" and that the thrust of what he considered "a coherent organism" had been weakened.

He says he is now mobilising community relations groups to protest over this. His assistant, Musindo Mwinyipende, a Tanzanian who was educated in a Sussex convent, says that American blacks who have seen the film told her they thought that they had not heard such eloquence since Malcolm X.

The film had been due to be shown nation-wide in the U.S. on July 13. Its revised version will now go out on August 10, accordingt o Lou Wiley of WGBH, who says that only three minutes of the original film has been dropped and that it had merely been reordered to make it more comprehensible for an American audience. He told me that the original version wouldb e offered to British television stations.

He thought it was a valuable film in that it showed the degree of anger felt by Britain's blacks and their "rejection of normal political processes"; he admitted it did not pretend to give the white perspective. But he warned that WGBH was prepared to go to court to establish its copyright to the film and said that showings so far had been without its authority.

Unexpected merger

When BP dropped four Connecticut garages from its distribution network last year, it sparked off a bigger row than it bargained for. With those familiar shields pulled down from his garages, Mr. Dufresne had to find a new way to lure motorists into his forecourts.

His solution was to rename his garages Exxaco and to order $6,000 worth of new signs with the name in red on a white background, and blue bands at the top and bottom. It worked wonders. Business picked up again and everyone was happy, except a couple of other oil companies who go by the names of Exxon and Texaco.

Exxon, which employed a computer and $100m to change its name in 1972, went to court and demanded that Mr. Dufresne take his signs down. Next, Texaco also filed a complaint, "nine yards long," according to Mr. Dufresne. The court hearing is due shortly, but Mr. Dufresne is defiant.

"... and the Third Amoured Division will advance on Harrods with their shopping lists."

"My lawyers give me just under 50 per cent chance of success," he told me. "But I'm more optimistic than that. The oil majors can't monopolise the Alphabet. Besides, I think opinion these days favours the underdog, and I'm just sick of being dumped on by the majors." Mr. Dufresne's only fear is that the court case will drag on. His company grossed $5m last year, but Exxon and Texaco combined hauled in nearly $90bn. "They could have the edge on me there," he concedes.

Concessionary

The days have gone when travellers to Europe in the 1930s could expect some airlines to convey them to the airport in a Rolls-Royce, but still the name has its magic, even to the U.S. National Highways Traffic Safety Administration. This has just proposed exempting Rolls-Royces from the Government's fuel economy rule that requires a minimum of 18 miles per gallon from 1978-model cars.

The proposal was made under a provision which allows the agency to make exemption for car firms making small numbers. The agency says that by permitting Rolls-Royce to continue doing only 10.7 miles per gallon it would increase U.S. petrol consumption—by 30.4 barrels per day. For what it is worth, U.S. passenger cars consume a daily total of 5m barrels.

Cold comfort

As Britons fume at the time it takes to have one's tax coding altered or for the North Thames Gas Board to visit, it is slightly comforting to know that in Brazil you have to wait an average of seven months to obtain an identity card. There the bureaucracy is such that our correspondent tells us the only way to avoid it is to be a 100-year-old hermit living off berries in the depths of the jungle along the Amazon. But even then she is not sure that you would escape and cites how for one transaction, Usimas, a major state-run steelworks had to obtain no less than 7,000 signatures on documents in quadruplicate and quintuplicate.

The transaction had been the import of some expensive new equipment, needed for an urgent expansion programme. To make matters worse, 238 of the signatures were of cabinet ministers, many of whom had to be visited at several different stages.

Cash flow

A colleague reports that while he was in his bank yesterday a small boy entered and pushed a 50p piece across to the cashier. "I found this on the step outside," he said. "Your bank is leaking."

Observer

ECONOMIC VIEWPOINT

Perhaps a successful holding operation

WHAT IS THE real point of annual summits that the leaders of the non-Communist world have been staging for four years running? To those who suppose that world statesmen have it in their power to provide full employment, growth and price stability by exercising political will, or by introducing some ingenious new financial scheme, the results must be intensely disappointing.

But to those who accept that this kind of magic does not exist, and that the most important task is to prevent governments carrying out policies actively detrimental to world well-being, the results have not been too bad. The policies announced at the Bonn summit are neither a disaster nor the salvation of the world economy. Their most important effect is that they have provided governments—especially the British Government, but also others in the EEC—with a pretext for staving off protectionist pressures.

In addition, the folly of an international scheme to "save the dollar" has at least been staved off. Whatever ill-fated experiments of a mini-Bretton Woods type the EEC partners get up to, the dollar, the mark and the yen will continue to float—if not cleanly—against each other. A world-wide dollar rescue would have been an expensive and inflationary folly—ultimately as disastrous for the dollar as an international currency as similar "rescues" were for sterling. But, dislike of market exchange rate movements by so-called practical men being what it is, the issue could well arise again and again and again in coming years.

The danger of the Bonn summit is that although it accepts in practice the limited power of government gadgetry to produce a return to the pre-1973 trend lines, the verbiage is ambitious. The language is still that of demand management and growthmanship. This does not take in intelligent Keynesians who point out bitterly that the actual measures do not even attempt to bridge the gap they believe to exist between actual and "capacity" world output and employment. At best they aim to keep world activity and employment rates roughly where they are.

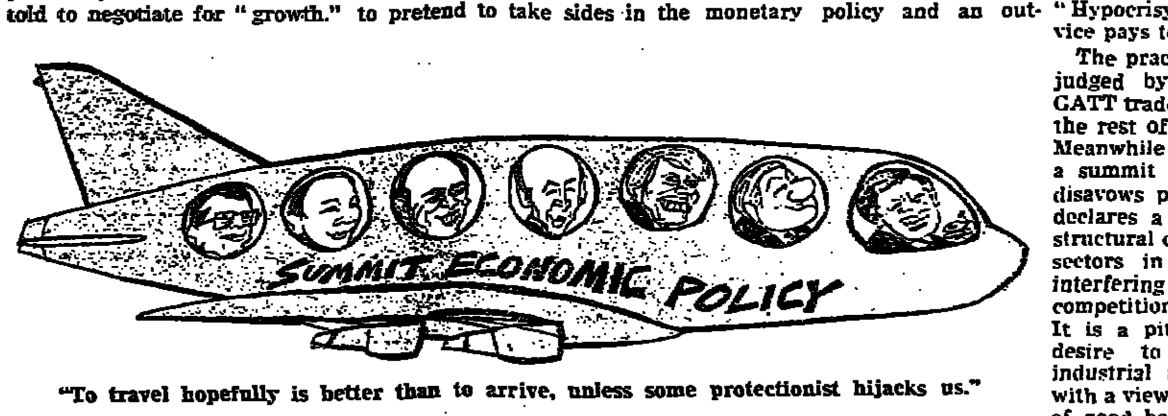
Benign political myths have a limited life; and eventually it will dawn on the parliamentarians, trade unionists and other groups at whom these communiques are aimed that the growthmanship they promise is largely fiction. When this happens their power to fend off protectionist pressures will be at an end. The references to monitoring machinery and the synchronistic noises from the British delegation have only advanced the day of disillusion. At the very most one more summit of the recent type may be possible.

If governments cannot produce growth, what in specific terms did they actually promise to do? The most specific promise was that of the French Government to increase the Budget deficit by 0.5 per cent of the GNP, "while pursuing its policy of reduction of the rate of inflation." The German Government talks about "strengthening demand and a higher rate of growth"; but its specific commitment appears to be to cut taxes or raise public spending by "up to" 1 per cent of GNP. The British Government congratulates itself on the increase in the Budget deficit already achieved; the Italians promise something rather complicated and the U.S. Administration reaffirms a tougher Budget than originally planned and a tougher one still for 1979-80.

If the combined EEC budget-loosening exceeds the U.S. budget-tightening, it cannot be by much; and the net demand addition due to the summit, over and above what would have happened in any case, must be very small indeed. Moreover, even if budget deficits once boosted output and employment, the evidence that they do so today is pretty thin—in the British case even the direction of the effect is in dispute.

The best outcome in the German case would be if the higher budget is financed internally without a rise in either interest rates or the money supply. This can happen if there is a good deal of spare cash in the economy relative to business activity. (A very few readers may find it helpful to think of the Germans as being on the flat section of an LM curve.) There are limits in both time and extent to this process. The German monetary authorities disagree among themselves about the exact scope. If they have to raise interest rates, or even suck in overseas finance at existing interest rates, the Deutsche Mark will rise and the effect of the package will be undone. An above-target increase in the German money supply would keep the Deutsche Mark down, but any gain in employment would then be at the expense of real wages. But if this is what German unions want, do they really need the prod of an inflationary package to bring it about? And if they do not, will not any expansionary effect wear away very quickly indeed?

Unfortunately the whole question of "administering a stimulus" is complicated and controversial in a way unsuspected by international officials told to negotiate for "growth."



"To travel hopefully is better than to arrive, unless some protectionist hijacks us."

My best guess is that the German move may amount to a minor bit of temporary pump priming, which will have exhausted any usefulness by early next year and will not be easily repeatable.

The Japanese promise to "strive" for a rate of real growth in 1978 "1.5 per cent higher than the previous year" illustrates the element of make-believe in the whole exercise. The setting of national growth targets was discredited by the complete failure of the attempt at the last summit. The emphasis has now switched to changes in growth rates compared with what they otherwise would be. This makes the whole procedure unverifiable, and the proposed monitoring wil be an intensely subjective and political exercise.

The most honest procedure in the current state of world economic ignorance would be to leave out growth figures altogether and simply state the fiscal and monetary measures proposed by different countries. Then statesmen would not have to pretend to take sides in the battle royal among economists about the effects of these measures and would not leave their credibility at the mercy of their advisers' theories.

It is characteristic of current fashion that the second section of the communique after "Growth" is entitled "Energy." The one concrete undertaking is that by President Carter to raise U.S. domestic energy prices to world levels by 1980. Characteristically this would simply undo the distorting effects of price controls imposed incidentally by the previous Republican Administration.

If these hurdles are overcome—which I think they will be—the U.S. will have taken a useful step forwards improving internal economic efficiency. One cause of the slowdown in U.S. productivity growth is the presence of equipment and methods adapted to cheap oil; and the price rise will be a modest incentive to production techniques in line with real resource costs. All this has very little to do with the decline of the dollar, which reflects a mixture of over-expansionary monetary policy and an outbreak of the "British disease" in American industry.

The U.S. undertaking is useful mainly because official international opinion—and Herr Helmut Schmidt in particular—believes the American energy deficit to be at the root of the dollar's difficulty. A U.S. gesture here may therefore make it easier for the Germans to accept the continuing shift in the dollar-mark rate which alone will make international equilibrium possible.

The section of the communique on trade is valuable in the sense that East-West declarations on the peaceful settlement of disputes are valuable. This is not meant cynically. An imperfectly observed international code as a standard of reference is better than no code at all. In the imaginary interrogation of Machiavelli shown on BBC Television the other day, Machiavelli's interlocutor made the good point that when he was sinning he knew he was sinning, whereas Machiavelli's frank avowal of realpolitik left no hope for improvement. Or as the old English saying goes: "Hypocrisy is the tribute that vice pays to virtue."

The practical results must be judged by the effect on the GATT trade talks continuing for the rest of the year in Geneva. Meanwhile it is useful to have a summit text which not only disavows protection, but which declares a readiness to accept structural changes" and to help sectors in difficulties without interfering with international competition and trade flows." It is a pity that the German desire to have government industrial assistance quantified with a view to establishing rules of good behaviour with agreed limits was blocked by the British and their allies. A move along these lines would have been a concession not merely to the Germans but also to British consumers and taxpayers.

The worst part of the summit communique was the promise, wrung out of the Japanese Government, to try to keep the volume of exports in fiscal 1978 down to 1977 levels. It is telling consumers all over the world that if they find that Japanese goods give them best value for money they must switch to dearer sources. Cheap Japanese and other Asian products have probably done more to raise living standards in developing countries than all the development aid ever given and all the conferences of bishops on world poverty. If the balance of political forces in Europe and North America is such that the Governments there really want to tax their own consumers, then there might have been a crude power political case for a limit on Japanese exports to these countries; but a worldwide limit is diabolical—and, one may hope, unenforceable.

Much more constructive than anything mentioned in the summit communique is Mr. Fukuda's plan, announced in Brussels, to open the Japanese capital markets to foreign borrowers and to encourage overseas investment by Japanese industry. It will not be either quick or easy to divert Japanese industry from an export to a home market basis. In the meanwhile an outflow of funds from Japan would prevent that country's export surplus from putting pressure on the exchange rates or basic payments balances of other countries. Indeed the surplus, if properly financed, is a net addition to consumption in the rest of the world rather than a threat to other exporting countries.

Sooner or later summit leaders will have to discuss the root causes of the present economic malaise, such as the shift in comparative costs which makes it more profitable to buy many traditional manufactured goods in the developing countries rather than in the older industrial centres of Europe and North America. Mutual discussions of minor budgetary adjustments may be a politically useful palliative until the bigger issues can be faced: but the time limit for such tinkering is clearly running out.

Samuel Brittan

Letters to the Editor

Transport safety

'rom the Chairman CEI/CSTI oint Technical Committee

Sir,—Understandably, there ave been expressions of deep oncern regarding the chances f the horrific disaster which ecently occurred at a Spanish oliday camp being repeated in ne United Kingdom. To arouse ublic panic would be irresponible, as it would be not to take realistic view. Already there re in the U.K. some 300 incients each year involving the ransport of hazardous materials hich are potentially dangerous ut, happily, none has yet esulted in a tragedy such as iat in Spain or even as that hich occurred only a few days iter in Mexico.

The Joint Technical Committee the Council of Engineering istitutions (CEI) and the ouncil of Science and Techology (CSTI) sponsored as ecently as last December a highvel symposium on the transport hazardous materials at which ninent authorities in the field oiced their expert opinions and illed for Government action in variety of directions. In parcular they called for stricter egulations for the construction id labelling of tankers; the finition of routes suitable for e transport of hazardous aterials analagous to those alady defined for extra large or avy loads; the further development of codes of practice and of iver training; the improved w of readily understood information to the authorities and the iergency services as well as to dustry and the public.

It is encouraging to note that e Secretary of State for Transrt, in reply to a Parliamentary estion on July 17, expressed to e House of Commons his grave anxiety" regarding the lay which there has been in e preparation of proposals for nker labelling and that studies e being made of other aspects the problem. Professional gineers and scientists however uld like to be assured that the der implications of the inasing movement of hazardous iterials by road or rail are ing treated as being matters utmost urgency.

The United Kingdom is fortute in the unique structure of professional engineering and entific institutions having, thin their memberships, unralled expertise in their rious disciplines. This knowge and experience is readily ilable to Government in the d of the transport of zardous materials as it is in other technological and entific fields.

G. West.
uncil of Engineering itutions,
Little Smith Street,
stminster, SW1.

Accountancy as a career

rom Mr. C. Watchman

Sir, Michael Dixon's excellent ticle The Jobs Column—July St on recruitment and career rospect for accountants highighted interesting feature of he employment policies of most f the professional firms hich I believe is often not properly understood by their outhful recruits, whether raduate trainees or newly qualied people. Only a tiny number ill be selected for rapid promoon to the top and the remainder ill be expected to leave after few years' service.

There can be very few nployers who do not provide a ontinuing career structure for ie majority of their employees it this is the case in the big counting firms. No doubt these rms would argue that when nployees find their career path blocked, most would want to leave to pursue alternative ambitions as they would still be young. That does not, however, answer the point that for most people there is no long-term career structure.

Applicants for jobs in the accountancy profession would be well advised to inquire deeply into the policies, with particular regard to the availability of a career for those not selected for partnership, of each potential employer. Most young people may feel they would want to leave if "passed over" but they should reflect that after several years of hard and loyal service it is better to have a choice than no choice at all!

C. M. Watchman,
2, King Street, SW1.

A choice of freedoms

From the Conservative Prospective Parliamentary Candidate for Walthamstow

Sir,—Mr. Brady (July 18) must distinguish between description and prescription. I was not "contradicting myself in half a dozen words" when I referred to Mrs. Thatcher's "monetarist, free market, immigration controlling conservatism." In so far as one can make an accurate description of Mrs. Thatcher's brand of Conservatism, I thought that those words pretty well come up to scratch. Of course I should have added "law and order" to the formula—at the risk, of course, of offending the anarchist section of your readership.

Stephen Eyres.
2 Larkshall Road,
Highams Park, E4.

Funding small companies

From the Managing Director, Merchant Inventors International

Sir,—I would like to endorse the comments of Mr. von Luttitz (July 18) that financial institutions "will not undertake the necessary marketing research and appraisal" as a pre-requisite to the funding of small companies. As a result they tend to take the line of least resistance and seek out "going concerns," whereas the profitability of viable "start-up" situations could be many times greater.

I believe that the "accepted" new-product failure rate of 80 per cent, which is so often "bandied-about" that it has become a "law," has much to do with this attitude as it is a convenient axiom for the faint-hearted to clutch at in order to eschew every possible opportunity. There is no doubt that this "law" may be fairly accurate in regard to sophisticated products involving heavy, long-term expenditure but it certainly does not apply to the consumer-product area which accounts for over half our Gross National Product and for less than 2 per cent of all UK patents granted in 1977.

If only the holders of purse-strings could get such things into perspective, they might find that new-ventures can be no more painful than other conventional ways of making money (for example property) without having to emulate the only true venture-capitalists — the founders of small businesses and the first Elizabethans!

A. S. L. Owensmith.
Merchant Investors International
87, Burgh Heath Road,
Epsom, Surrey.

Enterprize sweepstake

From Mr. R. Lustig

Sir,—Edward de Bono raises a number of interesting points in his letter (July 13) on venture capital, but his suggestion for Angel Bonds is not really new, and he seems to be surprisingly influenced by conventional thinking—I would have expected much better from the master of lateral thinking.

My local Liberal Association has for some time been discussing this very problem and is preparing proposals for what we believe is a truly novel and yet essentially practical solution which has become surprisingly topical in the light of the Gambling Commission's recent report.

Our initial reasoning is basically the same as Mr. de Bono's—innovation is, by definition, risky; too risky for most conventional sources of capital. And it often requires too little capital to be of interest to the few venturesome souls still around.

Rather than trying to turn innovation funding into something safe by risk spreading and trying to make the investment attractive by some rather dubious tax concessions, our idea is to aim at gambling money with a National Enterprize Sweepstake. All or part of the prizes would be in the form of shares in specific innovations and "investors" would either make a fortune or lose their money according to the success or otherwise of that particular venture.

Apart from providing much needed money for high risk innovation, this would have a number of added advantages. It would channel gambling money into useful activities, and this must be good in itself. It would also carry tax advantages as gambling and as capital gains. (Incidentally, isn't it odd that gambling income should be treated more advantageously than earned income!)

This still leaves an appreciable problem of selecting innovations for support. Fully vetting them for viability would spoil the whole concept, but some vetting must be necessary to avoid fraud. I am attracted to Mr. de Bono's concept of "individual buccaneers" selecting projects, but this really begs a number of questions, not least of how one selects these individuals (measuring their success after selection is also not as simple as he suggests as it may be years before true results show, by which time they could have done a great deal of harm).

I would suggest a vetting based on assessment of individual innovator for integrity and nothing else, except, I suppose, vetting the project for legality.

Richard E. Lustig.
Richmond House,
Whissendine,
Nr. Oakham, Rutland.

Headlamps on motorways

From Major A. Sutton.

Sir, — What unbelievable nonsense is talked by Mr. Walter Johnson, MP, about the headlamp flashing on motorways as printed in your paper on page 36 on July 14.

Anyone who has cause to complain of headlamp flashing is himself standing in the wrong on one of several accounts.

Either he has failed to see a car that wishes to overtake him (never mind what he thinks his speedometer says); or he has moved over in front of a car which he either did not see was about to overtake him, or whose speed he misjudged; or he deliberately stays in the outside lane because he considers that no one has a right to pass him if his speedometer says 70—try it with a police car!

When Members of Parliament are reduced to this kind of rubbish, it is time indeed that we had a General Election, and their already substantial salaries can be justified by others who could use their position to greater practical effect and relevant use.

Major A. B. de S. Sutton.
St. Margaret's Priory, Rattlesden,
Bury St. Edmunds, Suffolk.

Public sector audits

From the director, The Chartered Institute of Public Finance and Accountancy.

Sir,—Starting from the Price Commission's report on the South of Scotland Electricity Board, Mr. Cripps (July 14) once more makes a general attack on accounting methods in public bodies and on the Chartered Institute of Public Finance and Accountancy. As Mr. Cripps must know, the Price Commission's report dealt with difficult matters of inflation accounting with which the accountancy profession as a whole is still struggling. Inflation accounting standards were not ignored by the South of Scotland Electricity Board. Neither CIPFA nor any other accountancy body has yet produced such standards. It might be appropriate to remind Mr. Cripps that the Board's accounts receive the approval of a respected firm of auditors.

Eric Wood.
1, Buckingham Place, SW1.

Old dogs should have their day

From Mr. R. Crosland.

Sir,—With regard to the problem raised in Men and Matters (July 11) about increasing dog licence fees, surely a simple and equitable solution would be for "new dogs" to be licensed at a much increased rate, while "old dogs" could continue to live out their time at the present rate.

This would at least ensure that people would think twice before acquiring a dog and, with luck, we might then see a decrease in the numbers of strays.

R. R. Crosland.
11a, Cheddington Close,
Tilehurst, Reading.

Unpolished shoes

From Mr. R. Clear.

Sir,—I refer to your "Briefly" column on Page 1 of the July 10 edition, in which appeared a small item about Tory MP Mr. Nicholas Fairbairn.

He had arrived at quite an astounding conclusion that all people who wear unpolished shoes were, to quote, "dim wits," and, if I may translate slubberdegullions, "worthless slovens." It would be extremely interesting to discover how he arrived at such a deduction.

In my ignorance, I have always been under the impression that MPs were elected in order to assist their constituents, not to insult them. Surely to goodness they have more important things to do with their time, than to make such allegations as this, and if they haven't they do not deserve to hold such a position.

May I point out one such person who wears unpolished shoes. This person is my father, and, as founder of a flourishing shipping agency, and an ex-Customs Officer, I would think that he is far from a dim wit. So, Mr. Fairbairn, please, in future, take a little more time and thought over your stupid statements, if you intend to make any more such marvellous discoveries.

R. Clear.
"Shiloe," 36, Templar Road,
Temple Ewell,
Nr. Dover, Kent.

Today's Events

GENERAL

Cabinet discusses impending White Paper on pay policy.

White Paper expected on company law reform.

President Giscard d'Estaing of France on official visit to Portugal.

Mr. John Fraser, Minister of State, Prices and Consumer Protection, is among speakers at one-day conference on the Consumer Safety Bill/Act 1978, Cavendish Conference Centre, W.1.

Meeting of Northampton North constituency Labour Party considers Mrs. Maureen Colquhoun's future as its MP.

Sir Peter Vanneck, Lord Mayor of London, presides at Court of Common Council, Guildhall, E.C.2, at 1 p.m. Open to public.

PARLIAMENTARY BUSINESS

House of Commons: Wales Bill, consideration of Lords amendments. Education (Northern Ireland) Order.

House of Lords: Third readings of Statute Law Repeals Bill, House of Commons Administration Bill, and Community Service by Offenders (Scotland) Bill. Scotland Bill, consideration of Commons reasons on amendments. Northern Ireland Orders. Debate on Government policy on overseas students.

Select Committee: Race Relations and Immigration. Subject: Effect of EEC membership on race relations and immigration. Witnesses: UK Immigrants' Advisory Service (4 pm, Room 6).

OFFICIAL STATISTICS

Consumers' expenditure (2nd quarter, 1st preliminary estimate). Sector financial accounts: Net acquisition of financial assets; and industrial and commercial companies and personal sector financial accounts (1st quarter). UK banks' assets and liabilities and the money stock; and London dollar and sterling certificates of deposit (mid-June). Construction new orders (May).

COMPANY RESULTS

Final dividends: Fodens; Gordon and Gotch Holdings; Unigate. Interim dividends: AC Cars; Allied Textile Companies; Associated Fisheries; Berisfords; Bullough; Stenhouse Holdings.

COMPANY MEETINGS

Alpine Soft Drinks, Birmingham, 12. Boots, 20, Aldermanbury, E.C., 11. Century Oils, Stoke on Trent, 12. Country and New Town Properties, 6-11, Agar Street, W.C., 12. Harrisons and Crosfield, 14-20, St. Mary Axe, E.C., 11.15. Jermyn Investment, 6-11, Agar Street, W.C., 3. London and Holyrood Trust, 83, Cannon Street, E.C., 3. London Provincial Trust, 83, Cannon Street, E.C., 2.15. Metal Box, Dorchester Hotel, W., 12.30. Pauls and Whites, Ipswich, 12.15. Readicut International, Great Eastern Hotel, E.C., 12.30. Stonehill, Churchill Hotel, W., 11.30.

COMPANY NEWS + COMMENT

HIGHLIGHTS

Dowty has turned in excellent figures for the year, reflecting strong overseas demand for coal-mining equipment. Higher interest rates left **Union Discount** incurring losses in *the first half.* ***Barclays Bank** has made a $191m bid for* **American Credit Corporation,** while Lex also takes a look at the Takeover Panel's criticism of **Mooloya** over its handling of the bid for **Customagic.** Elsewhere, **Airfix,** in line with other toy companies, has been hit by destocking and poor demand in the important Christmas period while **LRC** is still troubled by the digesting of a number of acquisitions made to offset the growing threat of the "pill." **Birmid Qualcast** has been hit by the problems at one of its main customers and there seems little chance of a revival in the second half, while **Inveresk** reported a substantial drop in half-time profits.

Rationalisation hits Birmid Qualcast

AFTER PROVIDING £1.54m for rationalisation costs and £404,000 share of associate's losses, pre-tax profits of Birmid Qualcast fell sharply from £6.39m to £3.8m in the half-year ended April 20, 1978.

The directors are pessimistic about the rest of the year and expect trading profits to be lower than last year's £12.9m.

However the board does not consider the current trading conditions to be indicative of long term trends and has declared an interim dividend of 1.5p, some 10 per cent higher than the previous 1.35p. The final dividend in 1976-1977 was 3.107p.

The group continues to improve its facilities and the recent level of capital spending is being maintained, the directors say. The £1.54m rationalisation costs represents one-half of the estimated cost for the year.

The combined capital and revenue spending, although separated for accounting purposes, represents part of the investment package to improve profit earning potential.

	26 weeks 1978 £000	1977 £000
Turnover	111,422	103,303
Trading profit	6,285	7,367
Net interest	538	675
Profit	5,747	6,692
Rationalisation costs	1,542	304
Associate loss	404	—
Profit before tax	3,801	6,388
Tax*	2,626	3,312
Net profit	1,175	3,076
Minorities loss	47	+1
Attrib. profit	1,222	3,075

* Losses of certain overseas subsidiaries and associated company qualify for tax relief against future profits. Credit has not been taken for this relief. † Profit.

Sales of lawnmowers improved in the first half of this year resulting in increased profits in the home and garden equipment division. Heating also attained a small increase in trading profits arising from a slight upturn in sales.

The dramatic fall in demand in the tractor industry has resulted in short-time working in some of the more profitable and volume sensitive foundries, and the overall trading performance of the foundries division in the first half is similar to last year. The predicted fall in demand in the irrigation products market has been much worse, the directors say.

In the wrought and engineering products division turnover and trading profits for the first six months have substantially declined.

Unpredictable climatic conditions will influence the second-half results in the lawnmower and irrigation companies. Elsewhere, there is no sign of significant and sustained upwards movements in demand to offset the depressed tractor market situation which will reduce profits in the foundries division in the remainder of the year.

In the first half of last year a seven week strike disrupted Birmid's production and in the latest period Massey's production cutback in the face of a prolonged downturn in tractor demand forced a drop in the throughput on Birmid's most profitable foundry production lines. Sales of lawnmowers helped the home and garden equipment division but this was partially offset by *poor results from ladders* and kitchen ware: the second half has not been so favourable. The provision for rationalisation costs plus the indication that an equal amount will be provided in the second half for re-structuring operations of the group was higher than anticipated. But it includes not only changes in the heating division but also the termination of the French subsidiary and other closures. The interim dividend has been increased but a probably yield of 12.7 per cent at 60p reflects the current trading setbacks.

● comment

Demand for industrial products is still relatively weak and **Birmid's** profits continued to slide in the first half. But the big factor in the performance was the problems at Massey-Ferguson.

Plantation Hldgs. pays 0.67p special

A special dividend of 0.67p net has been announced by **Plantation Holdings.** In the last annual statement a payment of 0.66p was forecast and the difference is due to the change in ACT.

The directors say that in the absence of any statutory limitation, this dividend will be in addition to the payments made in respect of 1978.

They state that much of the work necessary for the previously announced reorganisation has been completed but it has not yet been possible to obtain clearance in respect of certain important tax aspects. Shareholders will be informed of any further progress at the time of the interim report in September.

The directors report that an approach has been made by a Selangor state agency to acquire the Brooklands Estate, but it is by no means certain that it will be possible to agree terms which they would consider as being favourable enough to holders.

Drake & Scull peak at midway

DESPITE a reduction in the value of completed contracts and highly competitive market conditions, **Drake and Scull Holdings** more than doubled its pre-tax profits from £505,000 to £1.11m in the first half-year ended April 30, 1978.

In view of this successful performance and expectations for the remainder of the year, the directors are declaring an interim dividend of 1p per 25p share—the first payment for six years.

Basic earnings per share are given at 4.5p (0.9p) and 3.4p (0.7p) fully diluted.

Profits for the first half exclude Drake and Scull Africa (Pty) sold in January this year. Its contribution in the corresponding period last year was £24,000.

Group pre-tax profits in 1976-77 totalled £2.62m.

The group's cash position continued to improve and current liquidity remains strong, Mr. Michael Abbott, chairman, tells shareholders.

The group has now eliminated its liability in respect of the Munich property and although currency losses have been incurred, this transaction effectively marks the termination of property interests with no material erosion of net assets.

The group trades as electrical, mechanical and construction engineers.

	Six months 1978 £000	1977 £000
Group turnover	18,180	21,294
Drake and Scull Africa	—	2,238
Group profit	1,106	505
Drake and Scull Africa	—	24
Profit before tax	1,106	529
Taxation—UK	104	51
Overseas	227	189
Net profit	775	289
Minorities	53	72
Balance	722	217
Currency adjustments	278	85
Other items	12	—
Attributable	492	132
Preference dividends	95	95
Interim ordinary	139	—
To revenue reserves	198	37

Sheffield Refreshment increase

For the year ended March 31, 1978, profit of **Sheffield Refreshment Houses** rose from £148,479 to £180,263, on turnover £130,272 ahead at £1,150,068.

After tax £73,295 (£66,580), net profit was up from £81,899 to £106,968 for stated earnings of 5.99p (4.58p) per 25p share. The dividend is lifted to 1.826p net (equivalent 1.635p).

RIGHTS RESULTS

Securicor Group announces that acceptances have been received in respect of approximately 94 per cent of the 365,359 new ordinary shares and 93 per cent of the 365,359 new "A" ordinary shares offered by way of rights at 95p per share.

Ne wshares not taken up have been sold at a net premium over the issue price of approximately 15p per share. This will be distributed among the holders of ordinary stock units, "A" ordinary shares and cumulative participating preference shares to whom such shares were provisionally allotted. No payment will be made for less than £1.

Security Services announce that acceptances have been received in respect of approximately 95½ per cent of the 2,549,941 new Ordinary and 2,549,941 "A" ordinary shares offered by way of rights at 95p per share.

New shares not taken up have been sold at a net premium over the issue price of approximately 15p per ordinary share. This will be distributed among the holders of ordinary stock units and "A" ordinary shares to whom such shares were provisionally allocated. No payment will be made for less than £1.

Henlys announce that 90.9 per cent of the 2,741,110 ordinary *shares issued by way of rights,* have been taken up.

The shares not taken up have been sold in the market and the excess over the subscription price of 14.66p per share will be distributed among the original allottees in accordance with their respective entitlements.

Inveresk well down at halfway

DIFFICULT TRADING conditions for the **Inveresk Group** pushed profits down from £1.52m to £701,000 in the 24 weeks to June 17, 1978.

However most of the group's activities have good order books at present and if trends continue, the outcome for the second half should show an improvement, the directors say. Pre-tax profits last year totalled £2.31m.

External sales for the first half amounted to £34.36m against £32.92m. The directors anticipate that a material tax charge will arise on the profits.

The profit figure is after depreciation of £0.56m (£0.47m), rental income, £0.17m (£0.15m), interest of £0.31m (£0.42m) with interest relief grant, £0.19m and rationalisation, *£98,000 (£67,000).*

The interim dividend is 1.417p against 1.375p—the previous final was 3.4892p.

Sales of commercial stationery and office supplies maintained a steady improvement throughout the first half year, the directors say. Demand for most other products showed a slight improvement over the second half of 1977, but the pattern was generally erratic compared with the first half of 1977.

In the paper making activity the decline in the exchange value of the pound against the dollar since March has increased the sterling cost of woodpulp.

In view of the increasing scale and complexity of the group's operations and for administrative reasons, it is intended that from 1979 onwards, the results for the first half year should be announced in mid-September. The date of payment of any interim dividend currently payable in late *September will be altered to mid-*October.

● comment

Inveresk's profits collapse will not please the market, the figures were released well after hours. Market expectations had been pitched around a maintained result and it appears that the double pressure of rising pulp prices and falling demand hit Inveresk very hard. The weakness of sterling has increased the imported price of pulp and the company has not been able to pass this on because demand has been falling (industry production was 4.6 per cent lower in the first four months) and there has been increased competition from Scandinavia and Europe. The position has been aggravated by a small amount of industrial unrest. The only bright spot in the performance is stationery supplies, but this only accounts for 11 per cent of turnover. Inveresk is looking for better things in the second half, and admittedly this is an industry which sees violent swings in fortunes. However, pulp prices are going even higher which could put further pressure on margins until (and this is the hope) paper prices start rising. Overall it is not an encouraging picture and the shares could come under pressure at 73p, where the yield is 10.3 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Airfix Inds.	1.99	—	1.78	3.22	2.88
AGB Research ...2nd int.	2.3†	Aug. 31	0.76	3.4	2.06
Astra Industrial	0.77	Sept. 16	0.68	1.13	1
Berjuntai Tin	60**	Sept. 2	60	110	110
Birmid Qualcast ...int.	1.5	Sept. 13	1.35	—	4.46
Black Arrow	1	Oct. 2	0.5	1.6	0.8
Butterfield-Harvey	2.13§	Aug. 31	1.1	3.25	2.1
Drake and Scull ...int.	1	Sept. 4	Nil	—	Nil
Dowty	2.26	Oct. 12	2.2	4.47	4.18
Elbief	0.78	Oct. 13	0.67	1.13	1.02
Foreign Colonial ...int.	1.25¶	Oct. 2	1	—	3.77
Hampson Inds.	0.49	—	0.43*	0.76	0.68*
Hirst Mallinson ...int.	1	Oct. 2	0.9	—	1.8
Inveresk Paper ...int.	1.42	Sept. 22	1.38	—	4.86
LRC	1.53†‡	Oct. 3	1.09	2.23	1.71
Marston Thompson	1.11	—	0.99	1.88	1.68
Plantation Hldgs.	0.67‖	Aug. 30	—	—	2.18
Sheffield Refreshment	1.83	—	1.64*	1.83	1.64*
Stanhope Invest.	2	Aug. 16	1.84	3.06	2.74
Union Discount Lnd. int.	6.38	Sept. 4	6.38*	—	15.31*

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ At 33 per cent tax rate. § Legislation permitting. ¶ To reduce disparity. ‖ Special payment. ** Malaysian cents throughout.

Toy market slump takes toll on Airfix profits

REFLECTING a period of reduced trading attributable to the world-wide recession in the toy markets, pre-tax profits of **Airfix Industries** for the year to March 31, 1978 slumped from £4.03m to £2.69m. at the midway stage, the decline was from £1.79m to £1.33m.

Earnings for the 12 months are stated at 4.6p (7.6p) per 20p share and the final dividend is 1.9935p net for a 3.2221p (2.8825p) total.

Mr. Ralph Ehrmann, chairman says non-toy interests continue to make encouraging progress. The extra-ordinary expenditure of £513,000 reflects the non-recurring costs of reorganising several factories although the bulk of the cost is attributable to Meccano.

The fourth quarter bore the brunt of redundancy costs which, coupled with restricted production at Meccano, were contributory factors in the downturn in earnings of that period.

In view of order books and current trading the directors anticipate a substantial recovery in the current year, the chairman states.

	1977-78 £000	1976-77 £000
Group turnover	35,865	39,399
Trading profit	5,646	6,753
Depreciation	2,091	1,873
Interest	877	874
Profit before tax	2,688	4,034
Tax credit	301	1,712
Minority profits	259	419
Extraordinary debit†	513	*191
Available	2,217	5,318
Dividends	837	750

* Credit.

* Credit. † Extraordinary items £977,000 (nil), attributable tax £450,000 (nil). Profit redemption of loan stock (£14,000) (£191,000).

construction kits has been losing market share to overseas competition and Lesney's Matchbox series. This reduced the contribution by toys to group profits from around 88 per cent to 70 per cent. Elsewhere, however, the non-toy interests—general plastics and footwear—all showed an improvement. While an upturn is forecast for the current year, the extent of the recovery will depend on the level of consumer spending, and profits may only reach around £3.5m. In the meantime, Airfix is well placed to benefit from the current interest in "space" toys through its Micronaut series and Meccano should have a better chance of breaking even following the rationalisation and a new range of Dinky toys. On reported earnings the *p/e* is 0.2 and fully-taxed 11.8, while the yield is a solid 0.2 per cent.

● comment

Airfix, in line with the other toy majors, reports poor trading in the second half, which includes the important Christmas period. In Airfix's case, the downturn in consumer spending and retailers' destocking policy was coupled with efforts to rationalise the loss-making Meccano factory in Central Liverpool, and profits in the final six months dropped by 50 per cent. The outcome was at least £300,000 less than the market expected and the shares fell 3p to 49p. While the recession hit all the toy products, the aircraft range of plastic

Marston Thompson advances

AFTER A rise of £0.4m to £2.18m at midway, pre-tax profits of **Marston, Thompson and Evershed,** brewer and wine and spirit merchant, ended the year to March 31, 1978 ahead from £3.45m to £4.16m.

The result was struck after depreciation of £593,376 (£486,464). Tax took £2.12m (£1.79m) and after extraordinary credits of £89,618 (£44,807) and a transfer of £9,000 (same) to debenture redemption reserve, available profits advanced from £1.69m to £2.13m.

A final dividend of 1.1131p (0.9967p) raises the total for the year from 1.6842p to 1.881p per 25p share, costing £481,133 (£430,804) and leaving £1.65m (£1.26m) to be transferred to reserves.

A professional revaluation of properties since the year-end has disclosed a surplus of £17m over book values.

Waddington confident

CURRENT expectations at **John Waddington** are for much better results for the year ending March 1979, Mr. Victor Watson, chairman, says in his annual report.

Profits before tax in 1976-77 were down from £3.27m to £2.56m from sales of £41.38m against £35.81m. A CCA statement shows profits reduced to £1.81m after depreciation of £673,000, cost of sales, £416,000 and gearing, £339,000.

The group had an unfortunate and unusual year when two major markets languished, says the chairman.

However, in plastics, greeting cards, business forms and specialised printing the group did well and continues to do so. Folding cartons and label businesses are now enjoying increased activity and many production improve*ments have been implemented. It* is too early to predict seasonal business for the games division, but stocks and costs are under better control. The development programme is more far reaching than it has ever been and several competitors have ceased to trade.

Games and puzzles companies in the U.K., Canada and the U.S. all fared badly last year; due mainly to reduced demand, cost increases and fierce competition. However, Subbuteo experienced such a strong demand (which still continues) that it had difficulty meeting deliveries.

Two new subsidiaries have been formed. Waddingtons International Ltd. now handles the export and licensing activities of the publishing group, while Wad*dingtons of Gateshead comprises* the label printing business and has been set up with its own management team.

This year it is intended to start up a new factory on Tees-side for plastic containers to meet the increased demand for products, especially those which are coming out of the development stage.

The other major growth area is greeting cards and directors are taking advantage of the opportunity to acquire a long lease on a large Scottish Development Agency factory in Dundee.

The secured loan was repaid in March and April, 1978 and replaced with an unsecured loan for five years from merchant bankers, Kleinwort, Benson. In view of expansion plans directors have almost completed arrangements for a further unsecured loan of £2m.

Meeting, Leeds, August 11 at noon.

SUNGEI BESI MINES MALAYSIA—Results to March 31 1978, reported July 12. Fixed assets M$92.72m (M$93.61m), net current assets M$11.80m (M$6.25m). Tronoh Mines owns 25.7 per cent of shares. Meeting, Kuala Lumpur, July 31.

VALOR COMPANY—Results to March 31, 1978, previously reported. Fixed assets £6.54m (£6.43m), current assets £16.19m (£14.95m), current liabilities £11.39m (£11.13m). Increase in working capital £0.64m (£0.45m). Meeting, 4, Dowgate Hill, EC, August 3, at 12.15 pm.

GENERAL SCOTTISH TRUST—At June 30, 1978, net asset value was 114.3p.

WEMYSS INVESTMENT COMPANY—Net asset value 382.5p at June 30, 1978.

PICCADILLY THEATRE—Turnover £123,719 (£65,064) for 1977 pre-tax profit £68,303 (£38,741). Tax £35,157 (£22,422). Retained £17,126 (£1,694). Earnings per 25p share 3.7p (1.9p). Dividend 1.7p gross (1.60038p).

COMBEN GROUP—Directors intend to change year-end from March 31 to December 31, and to issue interim results to June 30. These dates are to conform with dates of ultimate holding company, Hawker Siddeley Group.

CHADDESLEY INVESTMENTS—For year to March 31, 1978 pre-tax profit £13,997 (£3,044). Add tax adjustment in respect of previous years £6,277 (nil), attributable *profit £20,274 (loss £218,547* including extraordinary debit £221,591). Earning per 10p share 0.55p (0.03p) no dividend.

WILKINSON MATCH—Results for year to March 31, 1978 reported July 12, in preliminary statement with prospects. Group fixed assets £60.89m (£68.86m), net current assets £38.38m (£36.23m). Working capital increased £11.05m (£5.82m). Pre-tax profit adjusted to £10.05m (£7.3m) on CCA basis, after additional depreciation £2.13m (£2.02m), cost of sales £3.79m (£5.13m) less gearing factor £1.67m (£2.11m). Allegheny Ludlum Industries owns 44.43 per cent of equity. Meeting, The Dorchester, W, August 8 at 11.30 am.

BAMBERGERS—Results for March 31, 1978 year reported July in full preliminary statement with prospects. Group fixed assets £4.2m (£2.42m), net current assets £6.86m (£6.87m). Working capital increased £0.54m (£1.49m). Meeting, 100, Old Broad Street, EC, August 10 at 12.15 pm.

CHUBB AND SON (security systems, etc.)—Results for March 31, 1978 year already known. Group total net assets £97.67m (£74.8m), current assets £104.56m (£90.19m), current liabilities £56.04m (£49.5m). Net liquid funds decreased £4.05m (£2.38m). At June 22, Kuwait Investment Office held 9.2 per cent of equity. *Meeting, Abercorn Rooms, EC.* August 9, at noon.

CHAMBERLAIN PHIPPS (footwear, clothing and automotive industries)—Results for March 31, 1978 year reported on June 20 in full preliminary statement with prospects. Group fixed assets £6.85m (same), net current assets £7.13m (£5.72m). Net liquid funds decreased £3.15m (£0.12m). Meeting, Higham Ferrers, Northamptonshire, August 9, at 2.30 pm.

COMMERCIAL PROPERTIES—Income from rents property advisory services and interest receivable £1.31m (£1.18m) for 1977. Profit before tax £0.97m (£0.52m). Tax £0.49m (£0.4m). Extraordinary credits £307,015 (£128,790). To reserves £350,912 (£171,501). Dividend £159,200 (£154,400).

MELDRUM INVESTMENT TRUST—Interim dividend 0.73p (0.625p) for 1978. Increase is to reduce disparity with *final. Barring unforeseen circumstances* intended at least to maintain final dividend at previous year's rate of 1.325p.

WOLVERHAMPTON STEAM LAUNDRY—Results for year to March 31, 1978 already reported. Group fixed assets £108,735 (£112,108). Net current liabilities £4,677 (£4,781). Meeting, Wolverhampton, August 9 at 11.30 a.m.

BRITISH TAR PRODUCTS—Results for the year to March 31, 1978, reported June 14. Group fixed assets £4.1m (£2.85m). Net current assets £2.58m (£2.38m). Statement of Source and Application of Funds shows a £573,519 (£615,189) movement in net liquid funds. Meeting, The Cafe Royal, W., on August 9 at noon.

BROWN AND TAWSE (steel and tube stockholders and engineers)—Results for year ended March 31, 1978, reported June 22. Group fixed assets, £6.99m (£.88m). Net current assets, £10.15m (£8.72m). Chairman anticipates good results in current year. Efforts being made to increase volume of sales but difficult to foresee upturn in demand for steel or revival in construction industry. Meeting, Dundee, August 9 at noon.

PREMIER CONSOLIDATED OILFIELDS—Results for year to March 31, 1978, reported June 30. Group fixed assets £3.39m (£2m), investments £1.24m (£1.43m), net current assets £1.3m (£0.9m). *Net liquid funds increased by* £441,962 (£333,322 decrease). Meeting, Winchester House, EC, August 9, noon.

THE BARBICAN INVESTMENT FUND—Final distribution on income units for the year to July 5, 1978, will be 2.2p net per unit (2.013p), payable on August 31, 1978.

The total distribution for the year amounts to 3.2p compared with 2.683p.

On the latest Subscription Day, June 6, 1978, the offered price of income units was 76.2p xd and the estimated gross yield calculated in accordance with the terms of the Deed of Trust was 5.75 per cent.

ST. GEORGE'S LAUNDRY (WORCESTER)—*Turnover* £1,255,396 (£1,036,851) for year to February 28, 1978. Profit £29,162 (£8,836) after all charges including tax of £17,702 (£7,016). Earnings per 10p share 1.19p (0.37p). Final 0.28p (0.14p) making total 0.56p (0.42p).

Elbief improves to £328,800

Elbief, the leathergoods accessories and picture frames group, reports an increase in pre-tax profits from £300,500 to £328,800 for the year ended April 30, 1978, following a rise from £117,000 to £121,000 at halftime.

The directors state that the year saw a significant increase in sales in home and exports markets, the total of £2.45m, against £1.98m, reflecting expansion in all products.

They point out that trading overseas has not been without its problems but contraction in some areas has been more than made up by successful entry into other areas.

Earnings per 5p share, before charging covenanted donations of £9,790 (£8,900) but after tax, are stated at 2.32p, against 1.79p.

The dividend is raised from 1.0155p to 1.13p net with a final of 0.784p.

Some directors and their associates intend to waive their rights to the final on 4,726,250 shares (7,841,250); similar waivers applied to the interim on 4,131,250 shares (7,841,250) and total dividends for the year, after allowing for these waivers, will absorb £91,900.

Corporation Tax will require *£45,000, leaving £191,900 retained.*

RACAL FORMS NEW COMPANY

Racal Electronics has formed a new company, specialising in safety products for industry. It will be called Racal Safety and is based at Wembley, Middlesex.

The new company has been formed from the safety products division of Racal-Amplivox. For many years this division has been a supplier of hearing protectors and in 1977 introduced a new product, the Airstream Anti-Dust Helmet.

Butterfield-Harvey shows 58% lift

WITH A sharp rise from £0.87m to £1.64m in the second half, pre-tax profits of **Butterfield-Harvey** were up by 58 per cent at a record £2.77m for the year to April 1, 1978, compared with £1.75m last time. Turnover was better at £48.9m, against £40.69m.

In January, the directors said they were confident that second-half profits would materially exceed the £1.14m (£0.88m) then *reported for the first six months.*

They now report that trading results for the first quarter of the current year are encouraging and they are confident of a further profit advance in 1978-79.

Most companies in the group reported improved results, say the directors, but as indicated at the interim stage, losses in the Greenwich division continued longer than had been expected.

The 1977-78 result was struck after interest of £464,000 (£397,000), but was before tax of £820,000 (£427,000) with ED19 applied. Comparative figures have been restated accordingly.

Stated earnings per 25p *share* after tax as charged are 13.4p (9.2p) and after notional tax at 52 per cent as 9p (5.8p). The dividend total is stepped up from 2.1008p to 3.25p net, legislation permitting, with a final of 2.125p.

Extraordinary debits of £421,000 *(£8,000) include the costs of the* Greenwich re-organisation and the group's share of the closure costs of the associated company's Belgium subsidiary.

After minorities of £19,000 this time, dividends costing £478,000 (£310,000) and extraordinary debits, an amount of £1.04m (£1.01m) was transferred to reserves.

The group's business is as a holding company with subsidiaries engaged in the manufacture and *sale of municipal and special* purpose vehicles, engineering components, building, marine leisure and plastic products, and housewares and office furniture.

● comment

Butterfield-Harvey's pre-tax profits continue to be affected by losses from its Greenwich office furniture activities. Despite consolidating manufacturing on one site, the recovery has taken longer than expected. But other sectors of the group have apparently recorded improved results, although three of the main industries, where the company is involved, motor, building and engineering components, have been relatively flat throughout the period. That leaves the marine leisure and plastics products division plus the housewares activities as the probable strong runners. The shares closed unchanged at 65p giving a p/e of 4.7 and a yield of 7.8 per cent.

Burroughs machines midway fall

AFTER crediting exchange gains of £1.1m, compared with £1.03m, *pre-tax profits of* **Burroughs Machines** for the half year ended May 31, 1978, fell from £3.6m to £2.18m. For the last full year profit was £13.14m.

First half turnover was higher at £47.6m (£40.5m) and tax absorbed £0.98m (£1.62m).

The company is a subsidiary of Burroughs Corporation of the U.S. and its main activities are concerned with design, engineering, manufacture and marketing of products for recording, storing, computing, processing and communicating data.

Mining and industrial lift boost Dowty by 40%

MAINLY REFLECTING a recovery in margins in the mining division and a good increase on the industrial side, profits, before tax, of the Dowty Group advanced by 40 per cent to £25m in the year ended March 31, 1978.

Reporting at the interim stage (when profits ahead from £8.58m to £11.05m were reported) the directors said that prospects for the rest of the year were most encouraging—in the event the second half contribution went ahead from £9.5m to £13.99m.

Group turnover in the year increased by 38 per cent to £188m, with the new Ultra electronics division (consolidated with effect from April 1, 1977) accounting for £19.5m of 14 per cent of the increase. Profits of this new division totalled £1.82m.

While domestic and overseas sales in total rose at a similar rate, direct exports from the UK went up by 57 per cent. The directors report that group orders are again at a much higher level and the current year should see a continuation of growth.

Net profits for 1977-78 come out at £12.37m, against £8.85m, producing earnings per 50p share of 19p (15.6p) basic and 18.6p (14.6p) fully diluted.

The total dividend for the year is being raised by the maximum permitted—from 4.18p to 4.465p net, with a final of 2.255p. In the event that dividend restriction is lifted or amended so that some greater level of distribution is allowed, a further announcement will be made.

	1977-78 £000	1976-77 £000
Turnover	186.441	136.398
Home	126.787	91.462
Overseas & export	61.654	44.836
Comprising:		
Aerospace and defence	67.371	57.616
Mining	74.949	56.391
Industrial	26.556	21.501
Electronics	19.565	—
Trading profit	25.245	18.044
Aerospace and defence	10.939	9.790
Mining	7.532	4.578
Industrial	3.297	1.875
Electronics	1.822	—
Group services prop., etc.	1.655	1.802
Interest	207	†31
Profit before tax	25.038	18.075
Tax	12.671	9.224
Net profit	12.367	8.851
Dividends	2.901	2.367
Retained	9.466	6.484

† Credit.

The directors state that constant vigilance on finance, coupled with continuing tax deferment for stock inflation and accelerated depreciation, again produced a positive cash flow. This improved the liquid position by £3.3m so that cash resources marginally exceeded borrowing at the year end.

This places the group in a strong position to meet the continuing strains of inflation on working capital and also to finance the considerable increase in investment in plant and facilities required in coming years to meet expansion and to maintain the groups competitive position in world markets.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—A. C. Cars, Allied Textile, Associated Fisheries, Berisfords, Bullough, Derby Trust, East Daggafontein Mines, London and Lomond Investment Trust, Romney Trust, St. Andrew Trust, South African Land and Exploration, Southvaal, Stenhouse Holdings, Vaal Reefs Exploration and Mining Western Deep Levels.

Finals:—Allnatt London Properties, Atlantic Assets Trust, Burt Boulton, Elbief, FMC, Forminster, Great Universal Stores, Haslemere Estates, Hollis Bros. and E.S.A., Fodens, Gordon and Gotch, Nova (Jersey) Knit, Provincial Cities Trust, Alexander Russell, F. H. Tomkins, Trustee Corporation, Unigate, Vita-Tex.

FUTURE DATES

Interims:—

General Accident	Aug. 9
Prestige	July 27
Rotaflex (Great Britain)	July 25
Transport Development	Aug. 17
Vantage Securities	July 25

Finals:—

Amalgamated Distilled Products	July 25
Brady Industries	July 28
Geevor Tin Mines	July 25
Ingram (Harold)	July 25
Initial Services	July 21
PMA Holdings	July 28
Staflex International	July 28

Record £1.02m by Astra

ALTHOUGH TURNOVER was lower at £7.67m against £9.47m, pre-tax profits of Astra Industrial Group advanced from £811,000 to a peak £1,020,000 for the year to April 30, 1978. At halfway, the surplus was up by £42,000 to £411,000.

A divisional breakdown of turnover and operating profit of £1,022,000 (£853,000) for the year shows (with £000s omitted): metal and metal finishing £5,121 (£7,109) and £692 (£659), and engineering £2,546 (£2,363) and £330 (£194) respectively.

The directors explain that turnover has been affected by the decrease in the sale price of ferrous scrap material although tonnages are not reflected similarly—this is the nature of the business and is not indicative of a change in the level of activities.

Other divisions showed increased turnover which, with increased efficiency, resulted in an overall improvement in profit, they add.

The directors are confident of maintaining progress.

The 1977-78 taxable result included investment income of £101,000 (£69,000), but was struck after bank interest of £103,000 (£111,000).

Tax took £521,000 (£405,000) and stated earnings improved from 3.32p to 3.85p per 10p share. A final dividend of 0.765348p net lifts the total payment to 1.128348p (1p)—the maximum permitted.

Extraordinary credits of £287,000 (£25,000 debits) were after taking into account some £30,000 cost to move the engineering activity to its new premises which have been fully operational since April 30, 1978.

Dividends absorb £146,000 (£130,000) leaving retained profits ahead from £251,000 to £640,000.

Shareholders' funds are shown at 22.3p (16.8p) per share.

Black Arrow doubles

RECOVERY FROM the slump in profits seen in 1975/76 was maintained by Black Arrow in the year to March 31, 1968, with taxable earnings climbing to a record £365,000 more than double the £175,000 reported for the previous 12 months.

Turnover on continuing operations advanced 29 per cent to £5.59m (£4.32m) with leasing reaching £1.5m (£1.01m) and office furniture distribution sales up £0.69m at £2.38m. The contribution from discontinued operations, relating to closed branches dealing mainly in electrical appliance distribution, dipped to £258,000 (£1.27m) leaving group total turnover at £5.85m, compared with £5.59m last time.

At halfway, when profit was ahead from £72,000 to £140,000, Mr. Arnold Edward, the chairman, expected improved trading to continue in the second half.

	1977-78 £000	1976-77 £000
Turnover	5.847	5.538
Leasing	1.497	1.009
Office furniture	2.382	1.694
Electronic components	794	634
Electrical appliances	916	981
Discontinued ops.	258	1.271
Profit before tax	365	175
Tax	54	28
Net profit	311	147
Ord dividends	108	33
Brought forward	285	191
Carried forward	498	285

He now states that the higher profit and turnover levels have been sustained into the first six months of the current year and the directors are confident further growth will be achieved.

Tax for the year took £54,000 (£28,000) with deferred tax being treated along the lines of ED 19, and earnings per 50p share emerged 2.5p higher at 4.7p. A net final dividend of 1p takes the total for the year to 1.6p (0.8p).

Squeeze in second half knocks 7.5% off LRC

INCREASED COSTS, squeezed margins and the intense competition created by the strength of sterling depressed second-half taxable profit at LRC International by £0.9m to £2.54m, cutting the full-time total for the year to March 31, 1978, by 7.46 per cent to £6.67m, compared with £7.21m last time.

Other factors contributing to the slowdown included the Prices Commission inquiry into proprietary medicines which meant that health care product prices were held down, and in the last quarter a 10 per cent pay award as from January 1 this year had a disproportionate effect on the company's margins and its performances against imports, particularly from the Far East, the directors say.

Turnover for the year was 6.85 per cent better at £93.24m (£87.26m) and the directors say that for the first quarter of the current year the turnover of retained companies is ahead following the sale, in May, of Pharmax, to a subsidiary of Forest Laboratories Inc. of New York, the removal of a loss-making subsidiary and the change of London Rubber Company (India) and Sanitas (Nigeria) to associate companies. The board expects the results for the full year to demonstrate a reasonable increase.

Including a deferred tax provision maintained at £1.79m (£1.78m) the tax charge was £3.04m (£3.5m) for earnings per 10p share lower at 3.952p (4.15p) on capital increased by the December rights issue. A net final dividend on the basis of a 33 per cent tax rate, of 1.53p, with Treasury consent lifts the total to 2.228p (1.714p) as forecast.

There were extraordinary credits this time of £924,000, compared with a debit of £36,000.

Profit before tax for 1976-77 has been restated to take account of a change in accounting policies with regard to foreign currencies. Adjustments relating to reserves of overseas subsidiaries which were previously included have been taken directly to reserves.

	1977-78 £000	1976-77 £000
Turnover	93.240	87.259
Net interest	1.407	1.925
Profit before tax	6.671	7.209
Tax	3.036	3.499
Net profit	3.635	3.710
To minorities	104	159
Extraord. credits	924	†35
Attributable	4.455	3.516
Dividends	1.968	1.343
Retained	2.467	2.172

† Debit.

● comment

LRC's shares are languishing near their low point for the year, which on historic earnings is justified. In fact if the group had not changed its currency accounting, taxable profits would have been down 15 per cent instead of the more modestly stated 7.5 per cent. The group is still digesting some of the problems from its acquisitional policy as it closed growth in the late sixties when "the pill" hit demand for its principal earner. Losses in Depex the French subsidiary of Haffenden - Richborough, accounted for around £200,000 of the downturn there. Overall Haffenden slumped from £862,000 to just over £400,000, due mainly to the decline of the swim cap market. And losses in the Medical Supply Association, although reduced, ran at £240,000, mainly reflecting closure costs. Meanwhile tighter financial controls have been undermined to some extent by the 10 per cent pay award, together with the impact of currency movements, and the usual hold up in obtaining approval for prices rises. These factors, together with keener competition in the high street, lopped off over 2 points from margins in the second half. Although a sharp profit upturn is expected in the current year the group's rather erratic record leaves the yield of 10 per cent, over one and a half times covered on the shares at 35p, the main attraction.

Union Discount downturn

IN THEIR interim report, the directors of the Union Discount Company of London say difficult trading conditions were experienced in the six months to June 30, 1978, and the first half compares unfavourably with the same period last year.

Interest rates were relatively stable in the first quarter but MLR increased by 3½ per cent in the second quarter—and as a consequence, provisions for depreciation in the value of the portfolio exceeded trading profits.

The Board is declaring an effectively maintained interim dividend of 6.375p per £1 stock unit. Last year's total was equivalent to 15.81225p.

See Lex

Midway fall for Hirst & Mallinson

Announcing a fall in taxable profits from £216,700 to £125,100 for the 26 weeks to April 29, 1978, Mr. M. D. Compton, the chairman of Hirst and Mallinson, says that full-year results should show an improvement over the previous year's £330,000.

First-half turnover improved from £6.64m to £7.03m split as to: distribution £4.68m (£4m) and textiles £2.35m (£2.63m).

Mr. Crompton says the expected improvement in results would come from the projected increase in export sales in the second half and the benefits from developments in the home market which the group has carried out in the past 12 months.

The chairman reports that the first half has been a difficult period with trading conditions remaining tough and with no significant improvements in either the group's home or overseas markets.

Competition is increasing in many areas, he adds. Imports of subsidised garments and cloth are affecting adversely the sales of the group's textile products, while at the same time the removals market remains quiet and silverware sales are seeing little benefit from the increase in consumer spending.

The half-year result was struck after interest of £48,400 (£55,000). There is no tax charge and earnings per 20p share are shown as 3.1p (5.4p), while the interim dividend is stepped up to 1p (0.9p) net—last year's final was 0.9p.

BIDS AND DEALS

Imps spends £7m for foothold in Eastwood

A confident start has been made by the Imperial Group in its campaign to gain control of J. B. Eastwood—for which it bidding £38.2m — having bought 4.4m shares at a cost of £7m in the past two days.

This gives it a substantial 18½ per cent foothold in Eastwood, the eggs and poultry group. Imps bought its holding at 160p a share — the price at which it is bidding for the remainder of Eastwood.

Imps' rival for Eastwood is Cargill, the privately owned U.S. agricultural merchants, which bid £31½m for the group just three weeks ago.

The Eastwood family and directors have accepted the Cargill offer in respect of their 34.7 per cent holdings, but this was before the higher bid. The Eastwood directors met yesterday to consider the Imps offer, but said that they had as yet reached no decision.

Mr. William Eastwood joint managing director of the group said: "We have contacted Cargill asking them to make a decision on their position as soon as possible. We are also seeking an early meeting with Imperial to seek further clarification on their terms."

SHARE STAKES

Sungei Bahru Rubber Estates: Harrisons and Crosfield acquired further 14,500 shares and now interested in 261,400 (10.07 per cent).

City of London Brewery and *Investment Trust:* London and Manchester Assurance Company now holds 19.9 per cent of 6 per cent cumulative first preference stock.

A. and C. Black: At at July 12 Park Place Investments held total of 85,500 shares.

Wintrust: Mr. R. D. Szpiro acquired 10,500 ordinary shares and Mr. G. Szpiro acquired 10,000.

Greenbank Industrial Holdings: Mr. H. W. Loveday, director, disposed of 21,500 to a trust, of which he is one of trustees, the sole beneficiaries of which are members of his family. This transaction reduces his beneficial holding to 2,036,557 shares (10.10 per cent) and increases his holding as trustee to 1,251,744 (6.21 per cent).

Robert McBridge (Middleton): Abingworth acquired 50,000 ordinary shares bringing holding to 500,000.

Leisure Caravan Parks: P. W. Harris, director, sold 100,000 shares and D. C. Allen, director, sold 100,000.

Marchwiel: Mr. R. J. McAlpine sold 123,132 preference shares, Mr. O. P. Edge sold 16,132 preference and Sir Robert Clark (non-beneficial interest) sold 1,694,723 preference. All are directors.

Gordon and Gotch Holdings—On July 6 Mr. F. C. Goodall, director, sold 37,500 shares leaving beneficial holding of 19,608 (0.4 per cent). On July 6, Mrs. V. Goodall (wife of Mr. F. C. Goodall) sold 37,500 shares leaving beneficial holding of 19,608 (0.4 per cent). Mr. J. Berrill on July 6 sold 25,000 shares (0.6 per cent) from non-beneficial interest as executor of relative's estate—balance of this holding is now 53,768 (1.2 per cent) shares.

HANSON DISPOSES OF HEYWOOD WILLIAMS STAKE

Hanson Trust has sold its 576,240 shares (21.8 per cent) in Heywood Williams, the aluminium and glass company, for about £740,000.

The disposal was at the request of Mr. Douglas Oliphant, executive chairman of Heywood Williams "in order to increase Heywood Williams' institutional shareholding." The price was near to the recent market price of 128p per share.

In April this year, Heywood Williams bought a hotel and restaurant business from Hanson's 77 per cent owned subsidiary, Interstate United Corporation.

Hanson will show an extra-ordinary profit on the sale since its investment in Heywood has been written down in previous accounts. This year the shares have doubled to reach their current level.

Mr. Oliphant yesterday expressed his thanks to Hanson for the support it had given in the past, particularly through the cash crisis 15 months ago.

A spokesman for Hanson said yesterday that it was looking for a suitable company or companies in the UK.

Coral sells off Leisure shares

Coral Leisure Group has sold 1.84m shares, about half of its shareholding, of amusement machines company Associated Leisure for £1.1m.

Mr. Nicholas Coral, chairman of Coral said yesterday: "We felt it was a good opportunity on their excellent results to take advantage of a very good investment profit." At the same time Coral would be holding on to "a sizeable stake in an excellent company," he added.

Coral has had a stake in Associated Leisure for about 5 years, when it bought it for the purpose of a bid. The sale of shares —at around 60p each—leaves it with some 7 per cent of the company.

It is believed the shares sold went to insitutions.

The proceeds of the disposal will be absorbed into the business generally, said Coral's finance director Mr. David Spencer yesterday. The group is in a period of consolidation after acquiring Centre Hotels and Pontins.

NO PROBE

Mr. Roy Hattersley, Secretary of State for Prices and Consumer Protection, has decided not to refer the proposed merger between Cement—Roadstone Holdings and J. & W. Henderson (Holdings) to the Monopolies and Mergers Commission.

EPICURE

Epicure Holdings has acquired Trevor Wallis for £106,250 satisfied by £75,000 cash and the issue of 250,000 ordinary shares.

In the year to July 31, 1977, Wallis, which specialises in tarmac surfacing in the Lincolnshire area, made profits before tax of £1,000 on sales of approximately £214,000. Net assets at that date totalled £70,000.

BAT BUYS INTO GERMAN FLOORCOVERER

BAT Industries, the tobacco, retailing and paper group, has bought 54 per cent of the ordinary shares of Pegulan-Werke, the second biggest floor-covering manufacturer in Germany, for DM 45m (£11.5m).

The acquisition has been made through BAT's wholly owned subsidiary, Interversa, which intends to expand Pegulan-Werke's home furnishing sales mainly through product diversification. The synthetic materials and textile sides will be developed said Mr. Horst Stuetzer, chairman of Interversa yesterday.

The purchase is a continuation of Interversa's policy of diversification. Its other interests include department stores and restaurants.

Interversa says it has no immediate plans to buy the rest of the ordinary shares of Pegulan but it does intend to buy a majority of the preferred shares. Like the ordinary shares, these have become available as a result of the death of Pegulan's founder, Mr. Fritz Reis.

Pegulan made pre-tax profits of DM 18.9m on sales of DM 448m in the year ended September 30, 1977. Mr. Stuetzer said that he expected sales to exceed DM 500m in the current year.

Panel criticises Mooloya and its advisers

BY ANDREW TAYLOR

Mooloya Investments and its merchant bank advisers Charterhouse Japhet have been seriously criticised by the City Take-over Panel over their handling of a takeover bid for Customagic.

In an eight page statement published last night the Panel said that the conduct of Mooloya —and in particular its chairman Mr. M. S. Gampell—merited serious criticism. It added that it considered that Charterhouse had made a serious error of judgment.

Mooloya's bid which values Customagic — manufacturers of chair and car seat covers—at around £1m went unconditional last week after the group received acceptances for its 21p share offer representing almost 56 per cent of Customagic.

The Panel's complaints centre around a series of contracts entered into between Mooloya, Mr. Maurice Prax, a Jersey-based consultant, and Gras d'Eau, a consultancy also based in Jersey owned by a trust of which Mr. Prax's family are beneficiaries.

Charterhouse Japhet comes in for criticism because, the Panel states, it should have informed the Panel of the contracts involving Mr. Prax.

Last month the Panel ruled that one of the contracts involving a £38,625 fee for Gras d'Eau constituted a serious breach of rule 36 of the City Take-over code.

This is designed to prevent a company from offering better terms to some shareholders than others. The Panel ruled that the fee to Gras d'Eau—for procuring the transfer of Customagic shares to Mooloya—should not be paid.

In its latest statement, the Panel refers to a handwritten agreement dated April 30 by which Gras d'Eau agreed to procure 658,040 shares (12.5 per cent) in Customagic. Of this Mr. Prax had effective control of 462,000 shares.

Mr. Gampell told the Panel that this fee was primarily to pay for Mr. Prax's services in inducing the Terry family to sell their 1,445,430 shares in Customagic at Mooloya's bid price of 20p a share.

"In our view," says the Panel, "this presentation ignores the fact that Mr. Prax owned or controlled a substantial number of shares. The sequence of events suggests that he was unwilling to co-operate in furthering the bid unless he received a substantial procurement fee."

The Panel says that the bid has caused "considerable concern on a number of grounds." It also expresses some doubt about the nature of a £7,500 a year consultancy agreement between Mr. Prax and Mooloya. But "on balance" it rules that this was "not in itself offensive under Rule 36."

The statement says that prime responsibility for the breach under Rule 36 must lie with Mooloya and it singles out Mr. Gampell—"a practising solicitor with experience in the field of takeovers"—for criticism.

The Panel finds it "extraordinary" that it should have been informed about another consultancy agreement involving Mr. Bernard Terry but that Mr. Gampell had "found it possible to avoid mentioning the far more sensitive Prax arrangements.

"Even after it became evident that the Panel was pursuing an investigation ... no complete disclosure to the Panel of all the various arrangements with Prax was forthcoming from the Mooloya side."

The Panel notes that the Charterhouse director in charge of the Mooloya bid, Mr. P. P. Ralph, had expressed concern about these arrangements but having initiated enquiries had concluded that the arrangements were commercially justified.

The Panel says it considers this a serious error of judgment in view of the fact that Charterhouse had taken part in discussions with the Panel about the more "defensible arrangements with the Terrys."

In its conclusion the Panel says: "The (Takeover) Code is not a legal document and it is no answer to a failure to consult the Panel executive that a legal opinion has been obtained on the interpretation of a Rule."

A spokesman for Charterhouse said last night: "We accept we should have sought the Panel's views after finding out about the arrangements."

ASSOCIATES DEALS

On July 18 Mcanally, Montgomery sold 500 Wettern Brothers at 100p for an investment client who is an associate of the directors of Wettern.

Cazenove bought 2.4m J. B. Eastwood at 160p on behalf of Imperial Group.

Hedderwick Stirling Grumbar, brokers to Newman Industries, bought 40,300 Wood and Sons (Holdings) at 55p non assented for cash on behalf of Newman.

MINING NEWS

Union Corpn. launches a R200m uranium mine

BY KENNETH MARSTON, MINING EDITOR

SOUTH AFRICA'S Union Corporation, now controlled by the General Mining group, announces the go-ahead for its projected uranium-gold mine in the Orange Free State, about 15 miles south of the St. Helena gold mine.

Beisa Mines, the operating company plans an initial operation of 100,000 tons of ore per month with first production scheduled for the second half of 1982. Capital cost is put at around R200m (£122m), but the actual figure is expected to be increased by inflation.

Adequate funds are available for the first phase of the project while the rest will be provided from group resources and an offer of shares to the public. The timing of the share offer has not yet been decided.

Richard Rolfe reports from Johannesburg that a financing operation along the lines of Anglo American's Ergo project appears to be contemplated for Beisa. It will be the first new primary uranium producer in South Africa and the decision to go ahead also marks the first uranium-gold mining venture other than those adjoining existing mines since the opening up of the Evander field in the 19050s.

Capital costs are high in relation to the scale of the mine, being equivalent to R167 per annual ton. The comparable figure for a new mine like Deelkraal is R105 per annual ton which in turn is twice the level of an established mine. This testifies to the continual increase in capital costs and to the additional cost of a mine away from existing infrastructure, even though Beisa will be fairly shallow at about 5,000 ft.

Beisa will be centred on the farm Palmietkuil where the bulk of Union Corporation's drilling has been carried out. It is wholly owned by Union Corporation and there is no involvement by Anglo American which has also drilled in the area nor by any of the other companies owning mineral rights nearby, which include Free State Developments and New Wits. Because of the provisions of South Africa's Atomic Energy Act no details of uranium or even gold grade are being released at this stage.

Union Corporation yesterday rose 12p to 292p after touching a 1978 high of 300p.

CHARTER IN THE CONFESSIONAL

The annual meeting in London yesterday of Charter Consolidated turned into a corporate confessional when, in answer to questions, Mr. Murray Hofmeyr, the chairman, admitted past errors and argued that the group had not really done as badly as the stock market sometimes thought.

Taxed by a shareholder about the disappointing value of the shares, the fluctuations in the fortunes of the group and the limited oil investments it held, Mr. Hofmeyr readily conceded the mistakes of involvement in Mauretanian iron are and Zairean copper.

Retrospectively, Charter should never have gone into Mauretania, but it had been the victim of circumstances in Zaire, he said. If these two ventures were excluded then the performance of Charter had steadily improved and this was often overlooked by the market.

The group was making an enormous effort with Cleveland Potash, he told shareholders. "Everything the potash mines of Canada are not, this one is," he said as he chronicled the by now well-known list of troubles—irregular seams, high insolubility of the ore and poor roof conditions.

Now there is what Mr. Hofmeyr called a "people problem" at Cleveland—Charter had not been able to create a situation where there was a sustained commitment to the success of the operation. If this problem could be solved then there would be a successful mine.

Charter's shares were 140p yesterday.

More good gold profits

THE LATEST batches of June quarterly reports from the South African gold mines continue the story of profits boosted by the once-for-all extra payments arising out of the new selling arrangements for bullion in the Republic. They underline the beneficial gearing on profits of the marginal mines from the "bonus" payments which equate to a rise in the gold price.

In the Union Corporation group, Marievale has been additionally helped by a fall in the tax and lease charge. Leslie has done notably well, but Grootvlei earnings have been checked by a lower gold grade coupled with higher costs. Useful profit gains are reported by St. Helena and Winkelhaak, as the accompanying table shows.

In the General Mining group, Stilfontein's higher profit is after the repayment of State aid and production has risen thanks to a plentiful supply of trained black labour. West Rand Consolidated states that development of the uranium reserves has been increased by 32 per cent and that the higher rate will be maintained in order to allow a flexible gold-uranium mining policy to be implemented.

SULPHUR MINE CLOSED BY TEXASGULF

Texasgulf, the diversified U.S. mining group, has decided to close its Bully Camp sulphur mine near Larose in Louisiana. A company statement said the operation had become uneconomic because of low production rates and increases in the costs of natural gas which is used in large quantities.

The group has in any case had trouble with the regularity of gas supplies since 1970 and this has disrupted the original mining plan.

The reserves at Bully Camp are not considered large enough to warrant the capital expenditure necessary to re-open the mine later, and they are being abandoned.

Last year Bully Camp produced 129,000 long tons of sulphur, a mere 6 per cent of the group's total sulphur output. Texasgulf has a law suit pending against United Gas Pipeline for alleged failure to meet the provisions of a long term gas supply contract.

High tax hits Berjuntai Tin

MALAYSIA'S leading tin producer, Berjuntai Tin Dredging, has boosted its pre-tax profits in the year to April 30 to M$49.92m (£11.2m) from M$32.77m in the previous year. But an exceptionally high tax charge of M$29.75m has reduced the latest net profit to M$20.17m against M$23.02m.

Following an interim of 50 cents on the M$1 shares, Berjuntai is now declaring a final of 60 cents. After allowing for capital changes, the total dividend absorbs M$20.15m, the same as for 1976-77.

The boosted tax charge on the latest occasion stems from the inclusion of some M$0.5m relating to tin profits tax for the previous year. It is also pointed out that the previous year's tax charge was softened by initial tax allowances. Berjuntai were 295p yesterday.

Another mine in the Malaysia Mining Corporation group, Lower Perak Tin Dredging, has also enjoyed higher tin production and prices in the year to April 30. Net profits for the period come out at M$855,577 against M$221,585 for the previous year. A final dividend of 25 cents brings the past year's total to 40 cents against 15 cents.

Courtaulds warns of fibres trading difficulties

BUSINESS FOR fibres and fabrics has remained difficult at Courtaulds and the immediate outlook depends primarily on improved results from the fibres operations Sir Arthur Knight, the chairman, warned the annual meeting.

Activity had, however, recovered from the low level seen in the second half of 1977/78 but was still below the comparable level of a year ago, and the group has not yet been able to raise prices sufficiently in all markets, particularly overseas, to recoup higher costs quite apart from securing adequate margins, he commented.

The modest improvement in conditions already reported had continued to benefit those areas of the business which responded early to a rise in consumer demand — notably consumer products and packaging. The paint business had also started the year quite well, particularly in the UK, he said.

At the AGM of Guthrie Corporation, Sir Eric Griffith-Jones, the chairman, told members that the company had not been approached by Sime Darby or any other organisation regarding a possible takeover bid.

The share register discloses other material Eastern shareholdings, many acquired in recent months, he said, but there was no evidence to link these to a potential bidder.

The directors were of the opinion that the present value of plantation assets was materially in excess of that shown in the accounts, said Sir Eric, but he resisted a shareholder's request for a revaluation of assets, saying this could be difficult in certain countries where Guthrie operates. Though the second quarter showed an improvement on the first, profits for the first six months would still be below those achieved in the first half last year he said. The strike at the main plant of Ajax Magnethermic is continuing.

One shareholder complained that the performance of Guthrie in industry, as opposed to plantations, was very poor.

At other meetings yesterday, Sir Arthur Bryan, chairman of Wedgwood, said that quiet conditions in the home market, and particularly in London, had continued into the first two months of the current year. However, in the second half of June, business in London picked up quite strongly and the prospects here, and in the rest of the country, over the next few months seem somewhat brighter.

First-quarter sales were up about 16 per cent at £18.8m. While this was below target, he thought that if the present rate of sales continued, the company would come reasonably close to its objective of progress for the whole year.

Mr. Thomas Kenny, chairman of GEI International, said: "We are aiming for another record year, but the going is getting harder. For the first three months to June 30, 1978, we are marginally ahead of our target."

The chairman of Durapipe International said the group was on course to achieve the forecast record for the current year. First half figures last year were exceptionally good, and if at the half-way stage this time similar figures were produced, the directors would be well satisfied he commented.

Mr. Sydney Cope, the chairman of Cope Sportswear, said turnover and profitability for the first six months were on target and showed a considerable increase. It is confidently expected that this trend will continue in the second half year, and the group is well placed to continue its growth.

Hampson Inds. tops forecast

A BETTER than forecast pre-tax profitprofit of £814,194 was achieved by Hampson Industries for the year to March 31, 1978, compared with £565,749 for the last full year.

At the interim stage when profits of £271,000 (£240,000) were reported the directors said that the full-year figure would not be less than £0.54m and they were hoping that it would show an advance on the previous 12 months.

Earnings per 5p share are shown to be ahead from 2.14p to 2.33p and the dividend total is effectively lifted from 0.682p to 0.762p with a final of 0.487p net. A one-for-ten scrip issue is also proposed.

Turnover for the year advanced to £11.73m (£10.38m) and tax took £234,001 (£215,698). There was an extraordinary credit this time of £23,928 and the attributable balance totalled £404,121 (£350,030). Some £314,000 (£270,000) was retained.

The company's activities are in engineering and manufacturing, industrial cleaning, maintenance and allied services.

Good start to current year at Greene King

Sir Hugh Greene, chairman of Greene King and Sons, the Bury St. Edmunds brewing group, reports that a good start has been made to the current year and he expects the group to gain from the extra personal purchasing power which is anticipated.

The group traded successfully in the year ended April 30, 1978, with turnover rising by 20 per cent to £38.36m and profits going ahead by 18 per cent to £4.25m. Despite difficult weather conditions last summer, all the main operations contributed to the improved performance.

The chairman says that sales of cask-conditioned beer were especially good and accounted for 44 per cent of group barrelage although keg beers showed strong growth too. The group's traditional bitter and Abbott ale were the leaders but sales of bottled and canned beers also improved.

The chairman feels that the group's pubs did well to raise their trade at all when the general pattern in competing pubs was thought to be depressed. Free trade is still flourishing and amounted to 42 per cent of the total barrelage which was 10 per cent up on the preceding year. To meet extra demand two-shift brewing was started in November and this is proving successful.

Investment in brewing capacity and plant processing has continued. Among the major items were additional conical fermenters at Bury St Edmunds and Biggleswade and more cold storage tanks for bottled beer preparation.

Sales of draught beer having doubled in the past five years the group is to start building soon a new department at Bury which is due to be commissioned in the autumn of 1979, doubling cask beer capacity and making room on the existing site for the extra fermenters.

The chairman says that this major development results in the total capital expenditure budget for 1978/79 reaching over £4m. At the year end capital expenditure contracted for amounted to £1.65m (£1m) and a further £2.06m (£1.43m) was authorised but not contracted.

At the year end there was a net increase in liquid funds of £0.54m (£2.22m); bank and cash balances stood at £1.02m and short term loans at £1.75m.

The directors consider that the present value of the group's properties is not less than £14m compared with a book value of £10.06m.

Foreign & Colonial

After paying interest of £1.31m, against £1.04m, Foreign and Colonial Investment Trust expanded revenue before tax from £1,995,000 to £2,490,000, for the half-year to June 30, 1978, on gross revenue £0.76m better at £4.09m.

At midterm, net assets were higher at £154.7m (£134.7m) for a value per share up from 205p to 236p, including investment currency premium of 39p (32.5p).

The net interim dividend is stepped up to 1.25p (1p) to reduce disparity. Last time a final of 2.77p was paid from record revenue of £4.27m.

Investments at valuation amounted to £182.1m (£158.7m) and the trust's portfolio at half-time was distributed as to UK 43.3 per cent, U.S. 27.9 per cent, Japan and Far East 19.3 per cent, European 4 per cent, Canada 1.7 per cent, South America 1.9 per cent, South Africa 1.5 per cent, and Australia 1.1 per cent. Foreign currency loans stood at £21.96m (£17.85m).

Union Corporation Group

Directors' Reports of Gold Mining Companies for the quarter ended 30th June, 1978.

WINKELHAAK MINES LIMITED

Issued Capital R12,000,000 in shares of R1 each.

OPERATING RESULTS:	Quarter ended 30th June 1978	Quarter ended 31st Mar. 1978	Nine months ended 30th June 1978
Ore Milled (t)	520,000	516,000	1,552,000
Gold produced—kg.	3,900	3,922	11,847
Yield—(g/t)	7.50	7.60	7.63
Revenue per ton milled	R41.24	R37.05	R38.58
Cost per ton milled	R15.64	R15.93	R15.48
Profit per ton milled	R25.60	R21.12	R23.10
Working revenue	R21,443,000	R19,118,000	R59,883,000
Working costs	R8,130,000	R8,219,000	R24,031,000
Working profit	R13,313,000	R10,899,000	R35,852,000
Net sundry revenue	R774,000	R545,000	R1,740,000
PROFIT before taxation and lease consideration	R14,087,000	R11,444,000	R37,592,000
Taxation and lease consideration	R8,774,000	R7,026,000	R23,167,000
PROFIT after taxation and lease consideration	R5,313,000	R4,418,000	R14,425,000
Capital expenditure	—	R16,080	R38,000
Dividend declared	—	R6,360,000	R6,360,000
Loan levy (recoverable)	R966,000	R773,000	R2,550,000
DEVELOPMENT:			
Advanced (m)	2,855	2,436	7,576
Sampling results:			
Sampled (m)	579	567	1,698
Channel width (cm)	45	41	51
Av. value: g/t	31.9	32.2	28.4
Cm.g/t	1,436	1,320	1,446
Payable:—			
Percentage	76	64	77
Channel width (cm)	50	48	56
Av. value: g/t	33.2	34.8	29.7
Cm.g/t	1,660	1,671	1,661

Dividend
Dividend of 53 cents per share was paid on 12th May, 1978.

Capital Expenditure
Commitment in respect of contracts placed R1,000
Amounts approved in addition to commitments R165,000

On behalf of the board, L. W. P. van den Bosch, E. Pavitt } Directors

THE GROOTVLEI PROPRIETARY MINES LIMITED

Issued Capital R2,859,704 stock in units of 25 cents each.

OPERATING RESULTS:	Quarter ended 30th June 1978	Quarter ended 31st Mar. 1978	Six months ended 30th June 1978
Ore Milled (t)	360,000	360,000	720,000
Gold produced—kg.	1,440	1,584	3,024
Yield—(g/t)	4.00	4.40	4.20
Revenue per ton milled	R21.90	R21.22	R21.55
Cost per ton milled	R15.16	R14.69	R14.92
Profit per ton milled	R6.74	R6.53	R6.63
Working revenue	R7,882,000	R7,638,000	R15,520,000
Working costs	R5,456,000	R5,289,000	R10,745,000
Working profit	R2,426,000	R2,349,000	R4,775,000
Net sundry revenue	R9,000	R36,000	R45,000
PROFIT before taxation and lease consideration	R2,435,000	R2,385,000	R4,820,000
Taxation and lease consideration	R1,273,000	R1,217,000	R2,490,000
PROFIT after taxation and lease consideration	R1,162,000	R1,168,000	R2,330,000
Capital recoupment	R3,000	—	R3,000
Dividend declared	R1,830,000	—	R1,830,000
Loan levy (recoverable)	R178,000	R170,000	R348,000
DEVELOPMENT (Kimberley Reef):			
Advanced (m)	524	482	1,006
Sampling results:			
Sampled (m)	336	420	756
Channel width (cm)	17	29	24
Av. value: g/t	65.4	37.3	45.7
Cm.g/t	1,112	1,083	1,096
Payable:			
Percentage	63	54	62
Channel width (cm)	19	38	28
Av. value: g/t	79.0	42.2	53.1
Cm.g/t	1,501	1,603	1,488

Dividend
On 9th June, 1978, Dividend No. 79 of 16 cents per unit of stock was declared payable to members registered at 30th June, 1978. Dividend warrants will be posted on or about 3rd August, 1978.

On behalf of the board, W. R. Weeks, L. W. P. van den Bosch } Directors

BRACKEN MINES LIMITED

Issued Capital R12,600,000 in shares of 90 cents each.

OPERATING RESULTS:	Quarter ended 30th June 1978	Quarter ended 31st Mar. 1978	Nine months ended 30th June 1978
Ore Milled (t)	195,000	203,000	603,000
Gold produced—kg.	1,326	1,380	4,100
Yield—(g/t)	6.80	6.80	6.80
Revenue per ton milled	R39.21	R34.40	R35.43
Cost per ton milled	R17.76	R17.26	R17.41
Profit per ton milled	R21.45	R17.14	R18.02
Working revenue	R7,646,000	R6,983,000	R21,362,000
Working costs	R3,483,000	R3,503,000	R10,500,000
Working profit	R4,163,000	R3,480,000	R10,862,000
Net sundry revenue	R450,000	R267,000	R851,000
PROFIT before taxation and lease consideration	R4,633,000	R3,747,000	R11,713,000
Taxation and lease consideration	R2,775,000	R2,308,000	R7,070,000
PROFIT after taxation and lease consideration	R1,858,000	R1,439,000	R4,643,000
Capital recoupment	—	—	R1,000
Dividend declared	—	R2,800,000	R2,800,000
Loan levy (recoverable)	R305,000	R254,000	R778,000

Dividend
Dividend of 20 cents per share was paid on 12th May, 1978.

On behalf of the board, L. W. P. van den Bosch, E. Pavitt } Directors

ST. HELENA GOLD MINES LIMITED

Issued Capital R9,625,000 in shares of R1 each.

OPERATING RESULTS:	Quarter ended 30th June 1978	Quarter ended 31st Mar. 1978	Nine months ended 30th June 1978
Ore Milled (t)	480,000	480,000	1,450,000
Gold produced—kg.	4,176	4,272	13,006
Yield—(g/t)	8.70	8.90	8.97
Revenue per ton milled	R48.61	R43.11	R45.37
Cost per ton milled	R22.11	R21.70	R21.38
Profit per ton milled	R26.50	R21.41	R23.99
Working revenue	R23,333,000	R20,693,000	R65,793,000
Working costs	R10,612,000	R10,418,000	R31,010,000
Working profit	R12,721,000	R10,275,000	R34,783,000
Net sundry revenue	R244,000	R287,000	R727,000
PROFIT before taxation and lease consideration	R12,965,000	R10,562,000	R35,510,000
Taxation and lease consideration	R7,858,000	R6,168,000	R21,011,000
PROFIT after taxation and lease consideration	R5,107,000	R4,394,000	R14,499,000
Capital expenditure	R223,000	R170,000	R793,000
Dividend declared	—	R7,700,000	R7,700,000
Loan levy (recoverable)	R938,000	R738,000	R2,510,000
DEVELOPMENT (Basal Reef):			
Advanced (m)	2,342	2,109	6,574
Sampling results:			
Sampled (m)	263	363	988
Channel width (cm)	96	105	97
Av. value: g/t	9.6	11.3	9.7
Cm.g/t	919	1,183	938
Payable:			
Percentage	22	26	23
Channel width (cm)	102	128	114
Av. value: g/t	16.2	15.7	15.0
Cm.g/t	1,657	2,013	1,715

Dividend
Dividend of 80 cents per share was paid on 12th May, 1978.

No. 2 Shaft
Following the accident to the shaft on 12th March, 1978, hoisting operations were resumed on 3rd April, 1978 and underground production is now back to the level prior to the accident.
The insurance claim relating to the accident has not yet been finalised. During the quarter an interim payment of R100,000 was received.

Capital Expenditure
Commitments in respect of contracts placed R1,358,000
Amounts approved in addition to commitments R1,225,000

On behalf of the board, E. Pavitt, L. W. P. van den Bosch } Directors

KINROSS MINES LIMITED

Issued Capital R18,000,000 stock in units of R1 each.

OPERATING RESULTS:	Quarter ended 30th June 1978	Quarter ended 31st Mar. 1978	Nine months ended 30th June 1978
Ore Milled (t)	390,000	390,000	1,170,000
Gold produced—kg.	2,873	2,964	8,801
Yield—(g/t)	7.37	7.60	7.52
Revenue per ton milled	R40.52	R37.29	R38.09
Cost per ton milled	R18.26	R18.53	R18.07
Profit per ton milled	R22.26	R18.76	R20.02
Working revenue	R15,803,000	R14,541,000	R44,569,000
Working costs	R7,121,000	R7,227,000	R21,140,000
Working profit	R8,682,000	R7,314,000	R23,429,000
Net sundry revenue	R412,000	R191,000	R821,000
PROFIT before taxation and lease consideration	R9,094,000	R7,505,000	R24,250,000
Taxation and lease consideration	R5,250,000	R4,361,000	R14,058,000
PROFIT after taxation and lease consideration	R3,844,000	R3,144,000	R10,192,000
Capital expenditure	R247,000	R230,000	R780,000
Dividend declared	—	R4,140,000	R4,140,000
Loan levy (recoverable)	R602,000	R500,000	R1,612,000
DEVELOPMENT:			
Advanced (m)	2,698	2,394	7,430
Sampling results:			
Sampled (m)	545	405	1,610
Channel width (cm)	77	44	50
Av. value: g/t	5.8	7.9	9.0
Cm.g/t	450	349	450
Payable:			
Percentage	17	10	17
Channel width (cm)	62	39	47
Av. value: g/t	18.8	33.2	24.3
Cm.g/t	1,163	1,294	1,142

Dividend
Dividend of 23 cents per unit of stock was paid on 12th May, 1978.

Capital Expenditure
Commitments in respect of contracts placed R415,000
Amounts approved in addition to commitments R1,778,000

On behalf of the board, L. W. P. van den Bosch, E. Pavitt } Directors

MARIEVALE CONSOLIDATED MINES LIMITED

Issued Capital R1,125,000 in shares of 25 cents each.

OPERATING RESULTS:	Quarter ended 30th June 1978	Quarter ended 31st Mar. 1978	Six months ended 30th June 1978
Ore Milled (t)	250,000	270,000	520,000
Gold produced—kg.	650	783	1,433
Yield—(g/t)	2.60	2.90	2.76
Revenue per ton milled	R15.01	R14.09	R14.53
Cost per ton milled	R7.67	R8.24	R7.97
Profit per ton milled	R7.34	R5.85	R6.56
Working revenue	R3,753,000	R3,805,000	R7,558,000
Working costs	R1,918,000	R2,225,000	R4,143,000
Working profit	R1,835,000	R1,580,000	R3,415,000
Net sundry revenue	R75,000	R63,000	R138,000
PROFIT before taxation and lease consideration	R1,910,000	R1,643,000	R3,553,000
Taxation and lease consideration	R1,096,000	R1,501,000	R2,597,000
PROFIT after taxation and lease consideration	R814,000	R142,000	R956,000
Capital recoupments	R8,000	R1,151,000	R1,159,000
Dividend declared	R1,440,000	—	R1,440,000
Loan levy (recoverable)	R151,000	R128,000	R279,000

Dividend
On 9th June, 1978, Dividend No. 76 of 32 cents per share was declared payable to members registered at 30th June, 1978. Dividend warrants will be posted on or about 3rd August, 1978.

Reduction of Capital
The reduction of capital of 25 cents per share authorised by members on 25th May, 1978, has received Court approval. This amount will be paid on or about 3rd August, 1978.

On behalf of the board, W. R. Weeks, L. W. P. van den Bosch } Directors

LESLIE GOLD MINES LIMITED

Issued Capital R10,400,000 in shares of 65 cents each.

OPERATING RESULTS:	Quarter ended 30th June 1978	Quarter ended 31st Mar. 1978	Nine months ended 30th June 1978
Ore Milled (t)	240,000	230,000	685,000
Gold produced—kg.	1,104	1,012	3,148
Yield—(g/t)	4.60	4.40	4.60
Revenue per ton milled	R26.21	R22.50	R24.02
Cost per ton milled	R17.70	R18.48	R18.49
Profit per ton milled	R8.51	R4.02	R5.53
Working revenue	R6,291,000	R5,175,000	R16,451,000
Working costs	R4,248,000	R4,251,000	R12,663,000
Working profit	R2,043,000	R924,000	R3,788,000
Net sundry revenue	R244,000	R87,000	R380,000
PROFIT before taxation and lease consideration	R2,287,000	R1,011,000	R4,168,000
Taxation and lease consideration*	R1,075,000	R414,000	R1,831,000
PROFIT after taxation and lease consideration	R1,212,000	R597,000	R2,337,000
*Includes mining tax at formula applicable to State assisted mines.			
Capital expenditure	—	—	—
Dividend declared	—	R1,120,000	R1,120,000
Loan levy (recoverable)	R125,000	R47,000	R210,000
DEVELOPMENT:			
Advanced (m)	318	254	945
Sampling results:			
Sampled (m)	94	133	433
Channel width (cm)	10	22	15
Av. value: g/t	100.2	24.7	46.5
Cm.g/t	1,002	543	698
Payable:			
Percentage	52	14	35
Channel width (cm)	11	12	12
Av. value g/t	132.9	91.7	95.3
Cm.g/t	1,462	1,100	1,144

Dividend
Dividend of 7 cents per share was paid on 12th May, 1978.

On behalf of the board, L. W. P. van den Bosch, E. Pavitt } Directors

UNISEL GOLD MINES LIMITED

Stated Capital 28,000,000 shares of no par value.

Shaft
The shaft equipping has been completed and the shaft has been commissioned.
Development has commenced on Nos. 4 and 10 Levels and construction work is proceeding on the other levels.

General
The following plant has been commissioned:
Both main ventilation fans;
the service, man and rock winders.
The waste rock bin in the headgear has been completed.
The construction of the refrigeration plant has been completed and is being commissioned at present.

Expenditure
Expenditure on Shafts, Plant and Equipment and General Expenditure amounted to R3,818,000 (to date R44,146,000).
Commitments in respect of contracts placed R1,483,000
Amounts approved in addition to commitments R26,955,000

On behalf of the board, E. Pavitt, L. W. P. van den Bosch } Directors

Notes. 1. From 11th April, 1978, payment for gold production at the official price plus premium on market sales distributed monthly was replaced by payment at the market price. The non-recurring balancing payments resulting from the changeover distorted revenue for the current quarter which is therefore not comparable with past or future quarters.

2. Adjustments have been made to the payable development metres and values to conform with those applied in the estimation of ore reserves and are based on R3,500 per Kilogram or approximately $125.19 per ounce for the quarter ended 31st March, 1978 and R4,200 per Kilogram or approximately $150.23 per ounce for the quarter ended 30th June, 1978.

All the above companies are incorporated in the Republic of South Africa.

London Secretaries: Princes House, 95 Gresham Street, London EC2V 7BS. 19th July, 1978.

BANCO DE LA NACION ARGENTINA
U.S.$30,000,000 Floating Rate Notes 1983

Notice is hereby given pursuant to the Terms and Conditions of the above-mentioned Notes that the Rate of interest (as therein defined) for the Interest Period (as therein defined) from 21st July, 1978 to 22nd January, 1979 is at the annual rate of 9⅝ per cent. The U.S. Dollar amount to which the holders of Coupon No. 1 will be entitled on duly presenting the same for payment will be U.S.$48.18 subject to appropriate adjustment thereto (or the making of other appropriate arrangements of whatever nature) which may be made in accordance with the Terms and Conditions, without further notice in the event of an extension or shortening of the above-mentioned Interest Period.

EUROPEAN BANKING COMPANY LIMITED
(Agent Bank)

20th July, 1978.

CROSBY SPRING INTERIORS LIMITED

	1978	1977
Sales	£7,496,999	£7,221,394
Pre Tax Profit	£712,090	£589,482
Capital & Reserve	£2,004,197	£1,617,991
Earnings per 10p share	3.22p	2.65p
Final Dividend per share	0.4358p	
making a total for the year of	0.6536p	0.5852p

The Company has announced a Scrip Issue of one £1, 10 per cent Cumulative Preference Share for every 20 Ordinary Shares held as at 7th July, 1978.

J. BILLAM LIMITED

(Principal activities include the manufacture of cutlery and precision sheet metal engineering for aircraft and motor industries.)

Extracts from the circulated Statement of the Chairman Mr. Gordon Billam:

Pre-tax profit of the group for the year 1977 is £191,651. The comparative profit for 1976 was £152,988. The group net profit after taxation and after payment of the interim dividend of £11,798 leaves this year's profit available for appropriation at £77,504.

A final dividend of 2.3562 pence per share is recommended (1976 2.21) which with the related tax credit amounts to 3.57 pence (1976 3.4) making 4.782 pence per share (1976 4.5) for the year.

Group profits for the full year showed a significant increase over the previous year. Trading conditions for the cutlery industry will be difficult during 1978 but I anticipate that the group will experience another successful year.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Chemical earnings disappoint

BY DAVID LASCELLES

NEW YORK, July 19.

TWO U.S. chemical majors today reported small to moderate *increases in earnings for the* second quarter — usually the chemical industry's strongest — mentioning unfavourable price trends.

Dupont, the largest U.S. chemical company, made a net profit of $191m (or 3.92 a share), compared with $161m (or 3.28), in the same period last year. Sales rose to $2.73bn from $2.47bn. The company said that net profit during the quarter was after a non-recurring charge of $16m (or 33 cents a share), due to the discontinuation of certain *products.*

Mr. Irving Shapiro, Duport's chairman, said the performance reflected the continuing strength of specialty products, and a *significant* improvement in some areas of its textile fibres business, partly offset by some deterioration in commodity chemicals profitability, and the non-recurring charge.

The chemicals, plastics and specialty products business recorded a sales increase of 13 per cent to $1.87bn, with agri-chemicals, finishes and electronic *products strong.*

Mr. Shapiro said the outlook depended on the strength of key customer industries, cars, housing and textiles, as well as the *international business climate.* Prospects for the rest of the year were "reasonably good," he said.

Dow Chemical, the third largest chemical company, reported *virtually unchanged income of* $154m (or 0.84 a share) compared with $154.5m (or 0.83 a share) in the same quarter last year. This came on a 12 per cent increase in sales to $1.75bn, *pointing to further erosion of* profit margins.

Mr. G. J. Williams, financial vice-president, said that operating rates improved during the spring, but he added "chemical prices are not increasing at the same rate that our costs have been going up."

Dow's latest figures bring its six-month net income for the year down to $283.5m against $306.2m last year.

Royal Trust increase

By Robert Gibbens

MONTREAL, July 19.

CANADA'S LARGEST trust *company, the* Royal Trust, reports first-half operating earnings of C$ 11.4m, equal to 96 cents a share, against $6.3m, or 52 cents, excluding extraordinary items.

Meanwhile, Atco Industries, the largest Canadian maker of industrial prefabricated building units, earned C$ 7.9m or $1.50 a share in the year ended March 31, against C$ 16.8m or C$3.19 a year earlier. Revenue came to C$ 249m compared with C$ 261m. The company cited slower domestic and export markets.

The national mortgage company, Canada Permanent Mortgage earned C$ 9.7m or C$ 1.11 a share in the first half against C$ 8.5m or C$ 1.09 last time. Revenue was C$ 222m against C$ 186m. Full year's earnings were "modestly" ahead of 1977.

Canadian National Railways and Hall Corporation, a major Great Lakes shipping company controlled by American interests, are playing a role in Nova Scotia Government plans to revive the Halifax Shipyards division of Hawker Siddeley Canada. A Netherlands company *RSV* may also participate.

The three companies would provide working capital and management if the provincial *government goes ahead with pur*chase of the Halifax yards.

American Airlines sees new peak

NEW YORK, July 19.

AMERICAN AIRLINES expects higher 1978 earnings than the record $70.7m or $2.15 per share it earned in 1977.

The company said traffic growth has been outstanding in the first two weeks of July, as it was throughout the first six months of the year.

"We are *experiencing* a phenomenally good summer and expect strong year-over-year gains in the September-December period," said Mr. Albert V. Casey, the chairman and president.

If these gains are realised, "the outlook is for the best earnings by far that American has ever achieved," he added.

For the second quarter, the airline turned in net earnings per share of $1.43 compared with $1 previously. Total net increased to $43.9m from $31.5m operating expenses of $644.4m compare with $544.3m in the comparable quarter. Sales of $688.2m moved up from $581.1m last time.

For the first half of the year, net per share earnings of $1.08 are up from 93 cents. Total net of $36.9m has increased from $29.9m last time. Operating expenses of $1.24bn compare with $1.06bn, and *sales of $1.28bn* with $1.10bn.

Net for both periods in 1978 includes accruals and payments of $9.8m pre-tax under mutual aid pact due to Northwest Airlines strike.

Mr. Casey noted that eight of the company's fifteen all-time high traffic days have occurred in the past three weeks.

They also attributed the expected record 1978 performance to a programme of capacity control that has pushed up load fac*tors—the load factor for the* quarter was up 6.1 percentage points from last year's period to 64.6 per cent. The load factor in June was up 8.4 points to 67.3 per cent—and to cost controls that have enabled American Airlines to overcome the sizable increase in fuel expenses resulting from the termination last August of a favourable supply contract.

Agencies

Abitibi Paper trebles first half results

BY OUR OWN CORRESPONDENT

MONTREAL, July 19.

ABITIBI PAPER, which with associate Price Co. is now the world's largest newsprint manufacturer, had second quarter operating net profit of C$17.1m, equal to 86 cents a share, against C$6.8m or 32 cents, both periods excluding extraordinary items. *Revenues were C$328m* (C$255m).

First half earnings were C$31.9m, or C$1.60 a share against C$10.3m or 45 cents on *revenues of C$622m (C$489m).*

The results include Price Co. on an equity basis, exchange gains of C$15.6m against C$5.5m a year earlier.

* * *

Fraser Companies, the New Brunswick and Maine pulp and paper producer owned by the Noranda Mine Group, earned *C$10m or C$4.28 a share in the* first half against a restated C$5.3m or C$2.28 on sales of C$125m (C$101m) writes Robert Gibbens from Montreal. Demand was *strong for Groundwood* papers and lumber, the fine paper market was improving and there were strong gains on exchange.

* * *

CROWN Zellerbach Canada, the big western pulp, paper and lumber producer, earned C$9.6m in the first quarter or C$1.17 a share, against $6.9m or 85 cents, restated on volume of C$130m (C$113m).

First half earnings total C$16.6m or C$2.03 a share *against C$11.9m or C$1.46 on* volume of C$243m (C$210m).

BRIEFLY

Metromedia moves ahead in second quarter

NEW YORK, July 19.

SECOND QUARTER net income of Metromedia Incorporated, which has interests in broadcasting, increased from $9.44m or $1.39 a share to $9.94m or $2.06 a share. Sales revenues were ahead from $73.42m to $85.13m.

Also today, the aerospace parts and machinery company Sundstrand Corporation reported second quarter net earnings more than doubled from 64 cents to $1.52 a share, and a further large increase in earnings for the period was announced by the medicines manufacturer Smithkline Corporation, with net earnings per share ahead from 61 cents to $1.21.

The largest manufacturer of mining machinery in the U.S., Bucyrus-Erie Company, had net earnings of 68 cents a share for *the second quarter,* compared with 64 cents last time, while Clark Equipment Company, which manufactures trucks and construction machinery, moved ahead for the same period from $1.11 to $1.64 a share, and Dover Corporation, the elevators and valves maker, advanced from $1.09 to $1.32 a share.

Stauffer Chemical had net earnings a share of $1.07 in the second quarter, against 92 cents last year, while the electric utility New England Electric System advanced from 50 cents a share to 63 cents.

The glass tableware and con*tainer manufacturer* Anchor Hocking experienced a setback in net earnings per share for the second quarter, and slipped from $1.55 to $1.51. For the *third quarter, earnings of the* computer services concern Computer Sciences Corporation moved up from 22 cents to 29 cents a share, while for the first quarter the diversified *manufac*turer Amsted Industries increased from $1.22 to $1.43 a share.

At Bankers Trust, the seventh largest U.S. bank, net income soared 57 per cent to $19.9m from $12.7m in the second quarter. Earnings per share were $1.55 against $1.03.

First half net earnings before securities transactions moved up by more than 46 per cent to $38.5m.

A sharp advance was produced by Wells Fargo, which reported an operating net for the quarter of $28.3m, a gain of 38 per cent on the $20.4m in the same period *of 1977. Per share earnings of* $1.26 compared with 93 cents.

Over the whole of the first half, the rise was a steeper 45 per cent.

Bendix registers sound progress

SOUTHFIELD, July 19.

BENDIX CORPORATION attributes an improvement in third-quarter earnings to the result of strong performances by its aerospace - electronics and shelter businesses.

The company earlier reported earnings for the quarter ended June 30 of $1.74 a share on sales of $984m compared with net of $1.52 and sales of $875m a year earlier. Total net was $39.8m, against $34m.

The chairman, Mr. William M. Agee, said the aerospace-electronics business reported excellent results with significantly higher profits earned on increased revenues.

For the nine months to date, Bendix has earned $4.45 a share, compared with $4.06 last year. Total net of $100m compares with $90.7m and sales of $2.7bn with $2.5bn.

Reuter

FTC loses Beatrice case

By Our Own Correspondent

NEW YORK, July 19.

THE Federal Trade Commission (FTC) lost a round in its fight to halt the proposed merger between Beatrice Foods and Tropicana today when a district court judge in Washington ruled that the two companies were not competitors in the ready-to-serve orange juice market. The FTC had argued that the merger —one of the largest among U.S. companies this year— should be barred on antitrust *grounds.*

However, the FTC immediately announced that it would appeal against the decision. As a result it seems likely that a *temporary* injunction issued earlier by the appeals court when the FTC was trying every possible means to halt the merger, will remain in force until the appeal is heard.

The agreed merger is worth $488m and would transform Tropicana, by far the largest purveyor of orange juice in the country, into a wholly-owned subsidiary of Beatrice Foods, the largest U.S. food company.

Meanwhile, in Chicago, Beatrice Foods said it has filed a motion with the U.S. Court of Appeals to vacate an order of July 8 staying the proposed acquisition.

Honeywell optimistic after sharp advance in profits

BY OUR FINANCIAL STAFF

HONEYWELL HAS exceeded its earlier expectations of a "modest" rise in *sales and earnings* in the first part of this year with a near 54 per cent surge in second quarter net profits to $41.8m from $27.2m.

Earnings per share moved up to $1.98 from $1.29, while revenues totalled $863m against $706m, a gain of 22 per cent.

Over the whole of the first half, profits showed a 40 per cent advance from $54.1m to $75.5m, with revenues up 20 per cent to $1.65bn. Earnings per share were *$3.54, up from $2.57.*

Honeywell's chairman, Mr. Edson W. Spencer, commented that all major sectors of the company's business had contributed to the strong performance during the first half.

Mr. Spencer, who said a few months ago that 1978 would be "strong" with moderate overall gains, added yesterday that the outlook at present "continues to be bright."

Computer revenues were continuing to improve, while orders for computers had increased substantially along with backlogs.

The net profit figures for the 1978 period excludes extraordinary credits of 10 cents a share in the second quarter and 18 cents *for the six months.*

It takes in foreign currency losses of 19 cents for the quarter and 31 cents for the half-year.

Not included in the corresponding figures for *last year* were extraordinary credits of 12 cents a share in the second three months and 31 cents for the half.

Last year, *Honeywell* lifted its net income by 28 per cent to $145m, with per share earnings of $6.90 compared with the 1976 level of $5.50.

Bank of America rationalisation

BY MICHAEL BLANDEN

IN A further step to rationalise its international merchant banking activities, Bank of America yesterday announced the sale by the Wobaco Holding group in Luxembourg of the World Banking Corporation subsidiary.

World Banking Corporation, also Luxembourg-based, is being sold to a group of Middle East investors with whom "Bank of America maintains cordial *relations and close co-operation.*"

Bank of America would not disclose the price of the deal or the identity of the buyers, though it said that they were not *linked with Bank of Credit* and Commerce International, with which it also has connections.

World Banking Corporation will shortly adopt a new name and will continue its merchant banking activities, particularly Euromarket syndications and investment advisory services. The day-to-day management will continue under the present managing director, Mr. Gerhardt Priester.

The move follows the acquisition of control of Wobaco by Bank of America and the sale of two other banks previously owned by the Wobaco holding company. These were sold to Société Financière Européenne, *the European* consortium banking group. The deal, Bank of America said, concluded the rationalisation programme affecting Wobaco.

As expected, the group intends to keep the trust companies acquired with Wobaco, and said that a further announcement concerning the trust companies within the Wobaco holding company which remain wholly owned by Bank of America would be made at a later date.

EUROBONDS

Three new D-Mark denominated issues

BY MARY CAMPBELL

THE D-MARK sector has been *falling significantly for the past* couple of days, with foreigners reported as heavy sellers, particularly of domestic German bonds, for the first time. The *dollar sector by contrast is hold*ing up well.

Three new issues have been launched in the D-Mark sector, all three for multinational *institutions* which are not officially part of the calendar of foreign bond issues.

They are a DM 75m placement for the European Investment *Bank offering 6 per cent at 99½* for 10 years (bullet) via Commerzbank, a DM 75m placement for Oesterreichische Kontrollbank, offering 5¾ per cent for *seven years* (bullet) via Bayerische Vereinsbank, and two tranches of DM 200m each for the World Bank, offering 5¾ per cent at 99½ for six years (bullet) and 6 per cent for 10 years (bullet) at 98. Deutsche Bank is lead manager.

The terms of the EIB placement were agreed early last week, *and this accounts* for the big yield disparity between it and the World Bank's issue. Issue managers of foreign bonds are more or less restricted to *coupons of not more* than 6 per cent in order not to offer more than domestic bonds. This is the reason why Deutsche Bank has had to resort to indicating an offering price as low as 98 on the 10-year World Bank issue.

The German Bundesbank was in the market to buy some DM 250m worth of domestic paper both on Tuesday and yesterday.

The issue for Tokyu Cars was yesterday priced at par. The final terms include a conversion price for the shares of Y460 and a premium of 9.52 per cent over Tuesday closing price of Y420 for the shares in Tokyo.

In the dollar sector, trends are more or less unchanged, with floating rate notes still fragile and fixed rate issues holding up well.

U.S. QUARTERLIES

ALLIS-CHALMERS

Second Quarter	1978 $	1977 $
Revenue	464.3m	409.3m
Net profits	27.67m	25.54m
Net per share	2.27	2.10
Six Months		
Revenue	866.2m	789.1m
Net profits	46.51m	42.60m
Net per share	3.82	3.51

ANHEUSER-BUSCH

Second Quarter	1978 $	1977 $
Revenue	581.8m	493.2m
Net profits	33.2m	27.0m
Net per share	0.74	0.60
Six Months		
Revenue	1.06bn	884.6m
Net profits	53.6m	44.7m
Net per share	1.19	0.99

DENNISON MFG.

Second Quarter	1978 $	1977 $
Revenue	106.3m	86.0m
Net profits	5.1m	4.1m
Net per share	1.15	0.95
Six Months		
Revenue	200.7m	165.5m
Net profits	9.1m	7.5m
Net per share	2.05	1.76

POLAROID

Second Quarter	1978 $	1977 $
Revenue	319.7m	249.3m
Net profits	26.2m	20.5m
Net per share	0.80	0.62
Six Months		
Revenue	560.4m	441.1m
Net profits	40.6m	34.5m
Net per share	1.24	1.05

AMERICAN EXPRESS

Second Quarter	1978 $	1977 $
Revenue	1.02bn	838.4m
Net profits	79.1m	67.0m
Net per share	1.11	0.94
Six Months		
Revenue	1.94bn	1.60bn
Net profits	141.3m	117.0m
Net per share	1.98	1.63

BRANIFF INT.

Second Quarter	1978 $	1977 $
Revenue	236.0m	—
Net profits	11.2m	9.8m
Net per share	0.56	0.49
Six Months		
Revenue	454.1m	373.9m
Net profits	20.1m	16.4m
Net per share	1.00	0.82

DUN & BRADSTREET

Second Quarter	1978 $	1977 $
Revenue	190.5m	167.9m
Net profits	18.62m	15.52m
Net per share	0.67	0.56
Six Months		
Revenue	369.0m	330.5m
Net profits	34.26m	28.69m
Net per share	1.23	1.03

SPERRY RAND

First Quarter	1978 $	1977 $
Revenue	972.5m	827.9m
Net profits	45.2m	37.5m
Net per share	1.29	1.08
Year		
Revenue	3.8bn	3.3bn
Net profits	184.3m	159.5m
Net per share	5.29	4.59

AMERICANHOME PRODS.

Second Quarter	1978 $	1977 $
Revenue	764.6m	669.4m
Net profits	78.84m	69.64m
Net per share	0.50	0.44
Six Months		
Revenue	1.57bn	1.40bn
Net profits	167.43m	148.97m
Net per share	1.06	0.94

CHESEBROUGH-POND'S

Second Quarter	1978 $	1977 $
Revenue	209.1m	183.7m
Net profits	14.3m	12.6m
Net per share	0.44	0.39
Six Months		
Revenue	423.4m	374.1m
Net profits	30.7m	27.8m
Net per share	0.95	0.86

ELECTRONIC MEMORIES

Second Quarter	1978 $	1977 $
Revenue	32.0m	26.9m
Net profits	1.3m	1.1m
Net per share	0.20	0.16
Six Months		
Revenue	62.9m	53.3m
Net profits	2.4m	2.1m
Net per share	0.34	0.29

TEXASGULF

Second Quarter	1978 $	1977 $
Revenue	146.7m	119.6m
Net profits	*11.73m*	*12.55m*
Net per share	0.31	0.33
Six Months		
Revenue	274.1m	239.3m
Net profits	22.27m	27.60m
Net per share	0.58	0.75

AMETEK

Second Quarter	1978 $	1977 $
Revenue	82.0m	75.8m
Net profits	5.3m	4.6m
Net per share	1.01	0.88
Six Months		
Revenue	154.8m	146.2m
Net profits	9.8m	8.6m
Net per share	1.87	1.66

CROWN ZELLERBACH

Second Quarter	1978 $	1977 $
Revenue	650.5m	592.6m
Net profits	39m	32.8m
Net per share	1.53	1.29
Six Months		
Revenue	1.24bn	1.15bn
Net profits	59.3m	53.8m
Net per share	2.32	2.11

PFIZER

Second Quarter	1978 $	1977 $
Revenue	585.3m	487.3m
Net profits	45.9m	38.9m
Net per share	0.66	0.55
Six Months		
Revenue	1.13bn	969.9m
Net profits	96.0m	79.3m
Net per share	1.37	1.13

UTD. BANKS COLORADO

Second Quarter	1978 $	1977 $
Net profits	3.6m	3.3m
Net per share	0.93	0.96
Six Months		
Net profits	7.5m	5.8m
Net per share	1.91	1.00

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	97½	98½
AMEV 8pc 1987	95½	96
Australia 8½pc 1992	92½	93
Australian M. & S. 9½pc '92	97½	98
Barclays Bank 8½pc 1992	95	95½
Bowater 9½pc 1992	97½	98½
Can. N. Railway 8½pc 1986	95	95½
Credit National 8½pc 1986	95½	96½
Denmark 8½pc 1984	97½	98½
ECS 9pc 1993	99½	99½
ECS 8½pc 1997	93½	94½
EIB 8½pc 1992	96	96½
EMI 9½pc 1989	93½	99½
Ericsson 8½pc 1989	96½	97
Esso 8pc 1986 Nov.	99½	100½
Gt. Lakes Paper 8½pc 1984	97½	98½
Hamersley 9½pc 1992	100½	101
Hydro Quebec 9pc 1992	95½	96½
ICI 8½pc 1987	96	96½
ISE Canada 9½pc 1986	102½	103½
Macmillan Bloedel 9pc 1992	95½	96½
Massey Ferguson 9½pc '91	98½	99½
Michelin 9½pc 1988	100½	101½
Midland Int. Fin. 8½pc '92	95	95½
National Coal Bd. 8pc 1987	93	93½
National Wstmnstr. 9pc '86	100½	101
Natl. Wstmnstr. 9pc '86 'B'	99½	100
Newfoundland 9pc 1989	96	96½
Nordic Inv. Bank 8½pc 1988	95	95½
Norges Kom. Bk. 8½pc 1992		
Norpipe 8½pc 1989	94½	95½
Norsk Hydro 8½pc 1992	94½	95½
Oslo 9pc 1988	99½	100½
Ports Autonomes 9pc 1991	97½	98
Prov. Quebec 9pc 1995	94	94½
Prov. Saskatchwn. 8½pc '86	97½	98½
Reed International 9pc 1987	93½	94½
RHM 9pc 1992	94½	95
Selection Trust 8½pc 1989	91	92
Shell Intl. Fin. 8½pc 1990	95½	96½
Skand. Enskilda 9pc 1991	97	97½
SKF 8pc 1987	91½	92½
Sweden (K'dom) 8½pc 1987	94½	95
United Biscuits 9pc 1989	97½	98½
Volvo 8pc 1987 March	*93½*	*94*
NOTES		
Australia 7½pc 1984	93½	94½
Bell Canada 7½pc 1987	96	96½
Br. Columbia Hyd. 7½pc '85	93½	94
Can. Pac. 8½pc 1984	*97½*	*98½*
Dow Chemical 8pc 1986	99½	99½
ECS 7½pc 1982	94½	95½
ECS 8½pc 1989	93½	94½
EEC 7½pc 1982	95½	96
EEC 7½pc 1984	94	94½
Enso Gutzeit 8½pc 1984	96	96½
Gotaverken 7½pc 1982	94½	95
Kockums 8pc 1983	96½	97½
Michelin 8½pc 1983	98½	98½
Montreal Urban 8½pc 1981	99	99½
New Brunswick 8pc 1984	96½	97½
New Bruns. Prov. 8½pc '83	99½	100
New Zealand 9½pc 1986	95½	96½
Nordic Inv. Bk. 7½pc 1984	93½	94
Norsk Hydro 7½pc 1982	95½	96½
Norway 7½pc 1982	94½	95
Ontario Hydro 8pc 1987	93½	94½
Singer 8½pc 1982	99½	100½
S. of Scot. Elec. 8½pc 1981	98½	99
Sweden (K'dom) 7½pc 1982	94½	95½
Swedish State Co. 7½pc '82	95½	96

	Bid	Offer
Telmex 9½pc 1984	98½	99½
Tenneco 7½pc 1987 May	91½	92½
Volkswagen 7½pc 1987	94½	95½
STERLING BONDS		
Allied Breweries 10½pc '90	89½	90½
Citicorp 10pc 1993	92	93
Courtaulds 9½pc 1989	89½	90½
ECS 9½pc 1989	91½	93½
EIB 9½pc 1988	96½	97½
EIB 9½pc 1992	93	94
Finance for Ind. 9½pc 1987	90½	91½
Finance for Ind. 10pc 1989	93½	94½
Fisons 10½pc 1987	96½	97½
Gestetner 11pc 1988	*91½*	*92½*
INA 10pc 1988	92	93
Rowntree 10½pc 1988	89½	90½
Sears 10½pc 1988	91	92
Total Oil 9½pc 1984	89½	90½

DM BONDS	Bid	Offer
Asian Dev. Bank 5½pc 1988	95½	96
BNDE 6½pc 1986	98	98½
Canada 4½pc 1983	97	97½
Den Norske Id. Bk. 6pc '90	99½	100½
Deutsche Bank 4½pc 1983	97½	98
ECS 5½pc 1990	92½	93
EIB 5½pc 1990	92½	93
Elf Aquitaine 5½pc 1988	93½	94½
Euratom 5½pc 1987	97½	98½
Finland 5½pc 1986	94½	95½
Forsmarks 5½pc 1990	95½	96
Mexico 6pc 1985	95½	96
Norcem 5½pc 1989	97	97½
Norway 4½pc 1983	97	97½
Norway 4½pc 1983	96	96½
PK Banken 5½pc 1988	94½	95½
Prov. Quebec 6pc 1990	96½	97
Rautaruukki 5½pc 1986	94	94½
Spain 6pc 1988	95½	96

	Bid	Offer
Trondheim 5½pc 1988	95½	96
TVO Power Co. 6pc 1988	96½	97
Venezuela 6pc 1988	95	95½
World Bank 5½pc 1990	96½	97½
FLOATING RATE NOTES		
Bank of Tokyo 1984 8½pc	99	99½
BFCE 1984 8½pc	99½	98½
BNP 1983 9½pc	100½	100½
BQE Worms 1985 9pc	98	98½
CCF 1985 8½pc	98½	99
Chase Manhattan 1993	93½	97½
Creditanstalt 1984 8½pc	99	99½
DG Bank 1982 9pc	99½	100½
GZB 1981 8½pc	99½	100½
Intl. Westminster 1984 8pc	99	99½
Lloyds 1983 8½pc	100½	100½
LTCB 1983 8pc	99½	100
Midland Int. FS '87 8½pc	97½	98½
Midland Int. FS '93 9½pc	98½	99½
Nat. Westminstr. '90 9½pc	99	99½
OKB 1983 7½pc	100½	100½
SNCF 1985 8½pc	99½	99½
Stand. and Chtrd. '84 8½pc	99	99½

Source: White Weld Securities.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Belgian airline goes deeper into the red

BY GILES MERRITT

BRUSSELS, July 19.

SABENA, THE Belgian national airline, has released provisional 1977 figures showing further serious losses. Although the 95 per cent government-owned carrier has failed to show a net profit since 1970-71, its 1976 balance-sheet had recorded some improvement and the company had been hoping to consolidate that trend during 1977.

Sabena's deficit for last year totals BFr 2.2bn ($67m) and thus marks a return to the level of losses it had in 1975, when the deficit was Fr 2.4bn.

When losses in 1976 amounted to Fr 1.4bn, the Sabena management, together with the Belgian Government, hoped that the airline would be able to return to profit by 1979.

It is now apparent that Sabena's chances of getting rapidly back into the black are remote. Together with its 1977 results, the airline has announced that it is drawing up a five-year plan for further restructuring and streamlining. Precise details of the plan, which could involve early redundancies among Sabena's increasingly elderly workforce of almost 10,000, are to be revealed in September.

That the airline is not headed for a return to profitability as matters now stand, however, is also likely to rekindle the controversial issue of a merger between Sabena, the larger Dutch airline KLM, and Luxembourg's non-IATA carrier Luxair.

The merger plan, recommended two years ago by the consultants McKinsey in a special report, has been championed as being the only feasible way in which Sabena's heavy operating costs could be reduced.

The plan faces a number of practical difficulties, but the chief stumbling block has been opposition among Belgium's French-speaking Walloon population to a merger in which the much larger Dutch airline would dominate.

Although 1977 saw an increase in Sabena's passenger traffic, which rose 4.6 per cent, in contrast to the previous year, when it dropped by 3.4 per cent, it was not able to mount an effective attack on operating costs. Total revenues in 1977 were BFrs 18.99bn, but costs reached Fr 20.67bn. In 1976, the comparable figures were Fr 17.8bn and 19.2bn.

Investment curtailed at Norsk Hydro

By Fay Gjester

OSLO, July 19

NORSK HYDRO, Norway's largest industrial concern, is to stop hiring staff during the coming 12 months and to postpone a number of planned investments, as part of an internal economy drive.

In a statement issued today the company explained that it was being squeezed between steeply rising costs, both within Norway and in its North Sea engagements, and difficult market conditions.

In addition, anticipated earnings from its stakes in North Sea oil and gas fields are coming through later than foreseen, due to development hold-ups. Norsk Hydro has shares in both of Norway's producing fields, Frigg and Ekofisk.

A Hydro spokesman, Jon Storaekre, said in a radio interview that all the concern's employees were being asked to seek ways of cutting costs. An improvement in earnings was expected for the operating year 1979-80, but in the meantime "belt-tightening" was needed.

On two occasions earlier this year, Hydro has announced that it was shelving plans for major industrial projects because of high costs and poor world demand.

One concerned a projected magnesium plant at Mongstad, western Norway, where Hydro has land ear-marked for industrial development. The other was for a new aluminium smelter at Glomfjord, in northern Norway, where it has an ammonia and fertiliser plant.

Commissioner for Italian industry

BY DOMINICK J. COYLE

ROME, July 19.

A SALVAGE plan for Italy's ailing chemicals industry, promised repeatedly by Ministers over the past year or more, is once again bogged down, this time because the minority Christian Democrat (DC) Government of Sig. Giulio Andreotti, has failed so far to win support for its proposals from the main political parties supporting it in parliament.

Definitive decisions were promised finally for last night, but the Cabinet merely settled on principles and, in effect, told Mr. Carlo Donat Cattin, the Industry Minister, to go and sell his proposals to the political forces, including the Communists, and also to the trade unions.

Meanwhile, the losses of the main chemicals groups continue to mount, notably at Montedison, Liquichimica, which reported a 1977 loss of $22.5m, ANIC and SIR. Moreover the sudden arrest on alleged corruption charges of some executives of Liquigas, the Liquichimica parent, has complicated further an already complex situation.

The arrests, including that of Sig. Raffaele Ursini, on the initiative of the regional authorities in Calabria, at a time when the Industry Minister was pressing for speedy Government action to save jobs in the chemicals sector, prompted an obviously frustrated Mr. Donat Cattin to declare that there appeared to be two governments running Italy. Clearly the arrests on allegations of the illegal use of public funds, which have been denied by the accused, came as a surprise to the Cabinet.

Clarification of the situation will almost certainly cause the country's major banks and special credit institutions to hold off their cooperation in restructuring plans. However, the Government now appears to have reached a measure of broad agreement on the best method for dealing with major groups facing possible bankruptcy, and not necessarily limited to the particular and currently pressing difficulties of the chemicals sector.

The concept involves the creation of a special commissioner (indeed presumably a number of such overlords) who would, in effect, take independent control of financially troubled companies and evaluate their long term prospects. Such a commissioner would co-ordinate some, at least, of the operative functions of a number of Ministries assisting industry, including the Treasury, the Budget Office and Industry.

His appointment, as envisaged by the outline programme discussed by Ministers last night with particular reference to the chemicals sector, would follow only after a company had made a formal application for bankruptcy, but his appointment would then "freeze" the application for as long as one year.

The task of both co-ordinating the commissioner's activities and monitoring performance would be subject to both ministerial and legal controls, with provisions for special representations by creditors.

Some of the opposition parties, and also the trade unions and many of the companies facing financial difficulties, are inclined to see the government's proposals as being more structural than financial.

They argue that adequate mechanisms for assisting ailing companies, including the chemicals sector, already exist, and that what is lacking is a concerted reconstruction and renewal programme, together with the commitment of government funds to implement it.

EOE starting new series

AMSTERDAM, July 19.

THE European Options Exchange's July options series will expire after trading on Friday. A new April series for 17 of the 24 stocks traded will start on July 24.

The April series for KLM will not be introduced until July 28 and exercise prices for KLM series will be announced next week. At the same time the three UK options — BP, General Electric and ICI—and three of the US options, Boeing, Occidental Petroleum and Schlumberger, have August/November/February series and are not affected by the July expiry and April introduction.

Reuter

Olivetti sales rise

INCREASES IN sales for the first half of this year are announced by Olivetti, the Italian business machines group, reports AP-DJ.

For the half-year group sales were 14.8 per cent higher at lire 648.8bn, while orders rose by 19.8 per cent.

MEDIUM-TERM CREDITS

Uruguay raising $100m

BY FRANCIS GHILES

URUGUAY'S Central Bank is raising $100m for 10 years, with four years grace on a spread throughout of 1½ per cent. Lead manager is Citibank and other banks included in the management group are Eulabank, Lloyds Bank International and Bank of Tokyo. This loan will be syndicated among a small group of banks (about 12), in contrast to the privately placed $45m loan for the Uruguayan state oil company, ANCAP arranged a few months ago.

The proceeds of the latest loan are earmarked for the financing of the El Palmar hydroelectric project.

The ANCAP loan, which was co-led by Bank of America and Manufacturers Hanover Trust, was for seven years and carried a spread of 1½ per cent over Libor.

At the end of last year, Uruguay's total hard currency debt, including non-state guaranteed loans amounted to $1.3bn, up by $185m on December 1976 figures.

The state Portuguese electricity company is raising $10m for six years with three and a half years grace on a spread throughout of 1½ per cent. The loan is being arranged by Kredietbank Luxembourgeoise, and the borrower has not provided any specific guarantee.

United Arab Realty Company, in Egypt, is raising $12m for five years on a spread of 1½ per cent throughout. This loan which is guaranteed by the parent company in Kuwait, is being arranged by three joint managers: Arab African International Bank, Banque d'Indosuez and Arab International Bank.

Port Quasim Authority, in Pakistan, is raising $6m on a spread believed to be over 2 per cent. Other conditions attached to this loan, which carries a state guarantee and which is being arranged by Amex Bank, are not yet known.

Farther east, Thailand's Ministry of Finance is raising $50m for eight years with three years grace and a spread of ⅞ per cent throughout. Morgan Guaranty Trust is arranging this loan.

Paris cash calls

DEMANDS for loans of more than FFrs 1bn ($215m) will be made on the Paris bond market over the next week or so, writes our financial staff.

Ste Generale will raise FFrs 500m through a 15-year issue at par. Coupon will be 10.8 per cent and redemption will be in equal annual series throughout the bond's life.

Other borrowers include the property leasing firm Locaball and Ste des Autoroutes Paris-Rhin-Rhone.

Norway calls meeting on Volvo

BY OUR OWN CORRESPONDENT

OSLO, July 19.

NORWAY'S MINISTRY of Industry has invited some 30 to 50 industrialists, financial experts and economists to an "informative meeting" on August 6 about the Norwegian Government's cars-for-oil deal with Volvo, of Sweden. Invitations were marked "Confidential," but news of the planned gathering leaked to the Press and Ministry of Industry spokesmen have now confirmed the report.

The spokesmen said that the Industry Minister, Mr. Olav Haukvik, would be the first speaker at the meeting, which would probably also be attended by Finance Minister Per Kleppe and Oil and Energy Minister Bjartmar Gjerde—possibly other Ministers as well. No politicians other than Government Ministers would attend. This means that opposition politicians who have criticised the deal will not be present.

The spokesmen were unwilling to give further details about the arrangements and admitted that it had been intended to keep the meeting confidential.

Meanwhile, a recent poll by an Oslo business magazine indicates little interest among investors for the planned sale of shares in the new Norwegian-Swedish Volvo company. The magazine, Økonomisk Rapport, said it had asked a sample group of 100 "business leaders" whether they would consider buying the shares. Only four said yes, and comments made by the others indicated that it would not be possible to "sugar" the issue enough to sell many.

The magazine also asked the group whether the huge amounts of money involved could have been better spent within Norway. Eighty per cent replied that it would have been more sensible to use the money to provide direct support to viable Norwegian industry, for instance by offering incentives for the establishment of new activities.

Bank Leu in New York

By John Wicks

ZURICH, July 19.

THE Zurich-based Bank Leu AG, smallest of Switzerland's "Big Five" commercial banks, has opened a representative office in New York. Bank Leu, which already has a holding in Europartners Securities Corporation of New York, took this step to improve and strengthen its business links with the U.S. and Canada.

Meanwhile, it is reported that turnover on the Zurich Stock Exchange fell by 12.1 per cent over the first half of this year compared with the corresponding six months of 1977 to Sw.Frs. 50.9bn. In June alone, turnover was lower by almost 20 per cent at Sw.Frs. 7.75bn. The number of bargains registered in the first half was down to 123,253, as against 141,130 in January-June 1977.

Little change at Voith

BY OUR FINANCIAL STAFF

THE WEST GERMAN private company Voith Group, which manufactures machinery for the paper, transmissions and associated industries, made after-tax trading surplus of DM 19m ($9.2m) for 1976-77, compared with DM 18.7m the previous year.

Domestic turnover rose to DM 667m, and worldwide turnover to DM 1bn ($485m). Some 66 per cent of production was for markets outside Germany—6 per cent more than in the previous year.

Competition in the paper machinery construction field was particularly keen, and price differentials were emphasised by the fact that Voith's main European competitors are in countries such as Finland, Italy and the UK, where lower wages are paid and where government support is available.

Group activities in the water turbine sector have received a recent boost through its partnership in the European-Brazilian Consortium, which has received a letter of intent for 18 units for the largest hydro-electric power station in the world—Itaipu in Brazil.

Among other sectors, demand for transmissions has increased, particularly from foreign rail companies, and the relatively new plastics processing machinery section has reached its initial turnover target of DM 40m.

INTL. FINANCIAL AND COMPANY NEWS

Toshiba suffers 34% fall in half-year net income

TOKYO, July 19

TOSHIBA, the major Japanese electric appliance and machinery concern, suffered a fall of 34 per cent in net consolidated profit for the fiscal year to March 31. Net income declined to Y2.36bn ($11.6m), from Y3.57bn in the previous year.

Consolidated sales, however, rose by 9 per cent to Y1.50 trillion (million million), equivalent to ;7.4bn, from Y1.38 trillion.

For the current year, Toshiba expects consolidated sales to increase about 10 per cent. But it makes no firm prediction on net profit—though it stresses that its efforts are aimed at improving on the Y2.36bn of 1977-1978.

Sales of home electrical apparatus last year were unchanged, at Y573.52bn, but those of heavy electricals were up 31 per cent to Y410.09bn, from Y313.26bn.

Sales of telecommunications and electronics products gained 3 per cent, to Y326.6bn, from Y317.9bn.

Exports on the consolidated basis were Y311.52bn—up 24 per cent from the 251.10bn a year earlier. There are 34 consolidated subsidiaries.

* * *

Mr. Yoshifumi Kumagai, the president of Sumitomo Metal Industries said in Tokyo that the company is considering increasing its dividend to some extent for the current business year ending next March from Y3 per share of the preceding year.

Mr. Kumagai did not disclose a specific figure, but said the plan followed a recovery of the steel market.

He said production cuts and higher orders from government and municipal agencies helped the company complete inventory adjustment and bring about an upturn in earnings. Higher export prices caused by the yen's appreciation also contributed to the recovery.

Agencies

Positive indications for CSR

BY JAMES FORTH

SYDNEY, July 19.

THE PROFIT potential of CSR's considerable investments in recent years would not be fully reflected until reasonable and sustained economic growth rates returned and commodity prices improved, Sir James Vernon, the chairman, told shareholders at the annual meeting here today.

Sir James said that as a producer of raw materials for industry, of rural products and of building and construction materials, the group's fortunes would be much influenced by the pace and the extent of recovery in Australian and world economic activity and in international trade. The outlook for a slower growth rate in the Japanese steel industry made the development of markets in other countries increasingly important for CSR's iron ore and coal interests, and some progress had been made in this regard.

Despite the disappointing trend of building activity, there were a few signs that domestic demand and economic growth might be picking up. Nevertheless, both internationally and in Australia, economic conditions were still far short of buoyant. Sir James added that there were a number of positive indications in respect of the current year: the domestic price of refined sugar had been increased; there would be a full year's profit contribution from the coal and natural gas group, AAR; iron ore sales tonnages were expected to be at least as high as in the previous year; and there was evidence of reductions in the rate of cost increases in some areas of the company's activities.

Prospects for the production of wool, meat and grain had improved and cattle prices had strengthened substantially following the announcement of improved opportunities to sell beef to the U.S.

A surplus of sugar on world markets was exerting downward pressure on prices, which remained at about 7 U.S. cents a pound compared with the objective of the new International Sugar Agreement (ISA) that prices be brought within a range of 11 to 21 U.S. cents a pound. Delay in ratification of the ISA by the U.S. had also tended to dampen market expectations.

Sir James also announced a letter of intent for CSR's subsidiary, Buchanan Borehole Collieries to supply Kyushu Electric Power Company, of Japan, with 7.5m tonnes of steaming coal over 25 years, starting in early 1983. At present prices for steaming coal, the contract would have a value of about A$190m.

It is the fourth letter of intent announced with Kyushu recently. Oakbridge has agreed to supply 1.8m tonnes over nine years, Coal and Allied Industries 2m tonnes over 10 years, and White Industries 4m tonnes over 20 years. All the contracts are due to start in 1983.

Terms reported for Sime S$475m loan

BY OUR FINANCIAL STAFF

THE eight-year S$475m syndicated loan for Sime Derby Holdings' wholly owned subsidiary Malaysian Oriental Holdings is divided into 250m ringgits and S$225m, according to banking sources in Kuala Lumpar.

The $150m floating rate, part of the Singapore dollar portion is said to have been oversubscribed and to carry interest at ½ per cent above the Singapore prime rate, currently 7 per cent, for the first three years and at ¾ per cent above for the remaining five.

Interest on the S$75m fixed rate tranche is put at 8.375 per cent, as is that on the 75m ringgits Malaysian portion.

The remaining 175m ringgits portion carries interest at ¾ per cent above Malaysian prime, currently 7½ per cent, for the first six years and at ¾ per cent above for the remaining two.

The proceeds, it is understood, will enable Malaysian Oriental to purchase 277.4m Consolidated Plantation shares and 25m Kempas Bhd shares from Sime and its subsidiary Seafield Amalgamated Rubber.

Sime earlier said S$75m of loan proceeds will be used to repay its 10 per cent unsecured loan stock maturing this year.

The share purchase will enable the Sime group to rationalise its cross-holdings, and may also be based on tax considerations, the banking sources suggest.

But they point out there is still no full indication as to what end purpose the loan proceeds will be put. There has been persistent stock market speculation that Sime is planning a major corporate acquisition, though sources closet o Sime have discounted rumours of a bid for Guthrie or Harrisons and Crosfield. These two companies and Dunlop Holdings have denied receiving any approach from Sime.

Sime said last week that the redemption of 75m ringgits of loan stock apart, one specific area in which the funds would be employed was property development. It has said that there is no announcement of importance pending.

Profits up at New Zealand Insurance

By Our Own Correspondent

SYDNEY, July 19.

THE New Zealand Insurance Company plans a scrip issue for the second successive year, following a 19 per cent rise in profit, from NZ$7.8m to NZ$9.3m (U.S.$10.8m) in the year to May 31.

The dividend is maintained at 20 cents a share, but the final payment of 11 cents will be paid on capital increased by last year's one-for-six scrip issue. The new scrip issue is to be on a one-for-ten basis and the directors expect that the dividend will be maintained on the higher capital, provided that the underwriting results are not seriously affected by adverse conditions in any of the company's major territories.

The directors said that the improving trend of the previous two years continued, although conditions in some territories still gave cause for concern. The life assurance premiums written rose by 13.4 per cent and non-life premiums by 6.3 per cent. The modest increases in the net non-life premiums were associated with deliberately restricted growth in Australia and certain other territories.

A short-term underwriting surplus of NZ$1.89m compared with NZ$1.4m in 1976-77, represented 1.4 per cent of premiums written, compared with 1.1 per cent in the previous year. Investment income rose 17.5 per cent to NZ$8.79m.

First half earnings rise for Amatil

By Our Own Correspondent

SYDNEY, July 19.

AMATIL, the tobacco, food and packaging group, raised group earnings by 5.3 per cent, from A$12.7m to A$13.3m (U.S.$15.3m) in the six months to April 30. The earnings gain compares with a sales increase of 13.4 per cent to A$495m (U.S.$568m). The directors pointed out that if the results for the first half of 1976-77 had been adjusted to reflect increased company tax rates the group earnings would have been up by 11.2 per cent.

The directors said that the printing and packaging, snack foods and poultry divisions showed useful increases in earnings. They added that a large part of the profit increase was due to an improved result in the meat division.

Profits of the other major major operating divisions—tobacco products and soft drinks—were slightly lower, in contrast with the first half of the previous year, when these activities were largely responsible for a 74 per cent increase in earnings.

The interim dividend is held at 8 cents a share. British-American Tobacco of the UK has a large shareholding in Amatil.

Rights issue by Faber Merlin

By Wong Sulong

KUALA LUMPUR, July 19.

FABER MERLIN Malaysia, the hotel and property group, is making a one-for-10 rigths issue, to raise cash to reduce the burden of loan charges.

If the rights issue is fully taken up, it will raise 6.53m ringgits (US$2.8m), to bring the issued capital to 71.79m ringgits. Part of the money raised would be used to repay short-term loans, and part for working capital.

In the financial year, ending June, 1977, interest charges on loans amounted to 5.37m ringgits, and this largely contributed to the group's operating loss of 1.27m ringgits.

IDB Bankholding

IDB Bankholding Corporation, of Israel, and its subsidiary Israel Discount Bank are to raise some I£650m (equivalent to some $37m) of new capital in Israel next month, AP-DJ reports from New York. A combined public offering of ordinary "A" shares and subordinated convertible capital notes of the bank and subordinated convertible capital notes of IDB Bankholding is planned.

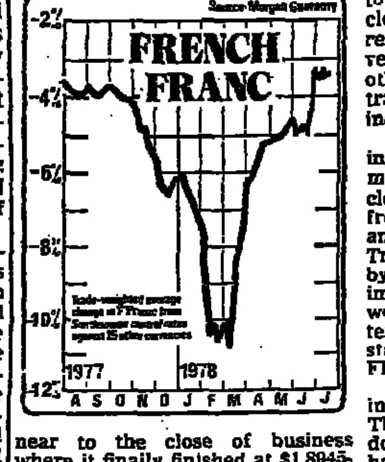
The offering will include Israel Discount Bank ordinary "A" shares and 5 per cent subordinated convertible capital notes and IDB Bankholding subordinated convertible capital notes, series 6.

AP-DJ

Currency, Money and Gold Markets

Pound firmer in thin trading

Activity in yesterday's foreign exchange market remained subdued in the wake of the Bonn summit. Sterling improved in generally thin trading and was boosted further in late London trading with good demand for sterling developing in New York. The pound opened at $1.8890-1.8900 and eased slightly during the morning to $1.8860-1.8870. This was still firmer than Tuesday's closing level and its sharp rise came very near to the close of business where it finally finished at $1.8945-1.8955, a rise of 1.15c and its best closing level since late March. Using Bank of England figures, its trade weighted index improved to 62.2 from 62.0 having stood at 62.1 at noon and 62.2 in the morning.



Despite some selling reported out of Germany, sterling's undertone remained steady ahead of today's money supply figures which are expected to show a downturn in monetary growth.

Activity in the New York market pushed the dollar weaker, notably against the stronger currencies. However, in thin and erratic trading, the pound gave up some of its earlier gains to $1.8910-1.8920. In the absence of any concrete short-term implications after the seven nation conference, the dollar lacked any real confidence and was further depressed by Japan's $2.376bn June trade surplus.

The West German mark pushed further ahead to DM2.0595 from DM2.0670, while the Swiss franc improved in dollar terms to SwFr1.8120 against SwFr1.8297½ on Tuesday. The Japanese yen also gained at the dollar's expense to Y201.70 from Y202.50.

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 7.8 per cent from 7.5 per cent previously.

FRANKFURT—The dollar was fixed at DM 2.0615 compared with DM 2.0651 at the previous fixing. Trading was extremely quiet with little in the way of fresh factors to influence the market. Near the close of trading, the U.S. currency stood at DM 2.0607 showing very little change. Against 22 other currencies, the Bundesbank trade-weighted mark revaluation index was unchanged at 145.3.

PARIS—In generally quiet trading the dollar lost ground against most major currencies. At the close it had slipped to FFr 4.5875½ from FFr 4.4637½ in the morning and FFr 4.4690 late on Tuesday. Trading seemed to be influenced by market realisations that the implications of the Bonn summit were unlikely to have any short term effect. The Franc remained static while sterling eased from FFr 8.43 on Tuesday to FFr 8.4265.

ZURICH—In very subdued trading the dollar improved slightly. The market seemed to be in some doubt as to exactly what should happen in the wake of the Bonn summit and most people were unwilling to commit themselves. At mid-morning the dollar was quoted at SwFr 1.8215.

MILAN — Following on the dollar's weak performance in Japan, the U.S. currency opened sharply lower against the lira. From Tuesday's fixing of L848.70, it fell to L847 compared with L849 in late trading on Tuesday.

AMSTERDAM—The dollar was quoted at Fl2.2265, slightly weaker than the previous fixing of Fl2.2270. In later trading it fell further to Fl2.2255.

TOKYO — The dollar finished above its worst levels but still down from Tuesday at Y201.95 from Y202.175 previously. At one point during the early part of the day it had touched Y201.30. The dollar's weakness was mainly attributable to Japan's sizeable June trade surplus and conditions remained generally unsettled. The volume of business was moderate at $452m in spot turnover while combined forward and swap trading accounted for $753m.

THE POUND SPOT

July 19	Bank rate %	Day's Spread	Close
U.S. $	7¼	1.8860-1.8960	1.8945-1.8955
Canadian $	8½	2.1180-2.1295	2.1285-2.1295
Guilder	4	4.18½-4.22½	4.21-4.22
Belgian Fr.	6½	61.20-61.60	61.40-61.50
Danish Kr.	8	10.60-10.63½	10.61-10.62
D-Mark	3	3.88½-3.91½	3.90-3.91
Port. Esc.	18	86.10-86.70	86.30-86.70
Span. Pta.	8	146.30-146.90	146.60-146.80
Lira	11½	1,597½-1,606	1,603½-1,604½
Nrwgn. Kr.	7	10.21-10.26	10.24½-10.25½
French Fr.	9½	8.41½-8.45½	8.44-8.45
Swedish Kr.	7	8.58-8.62½	8.61-8.62
Yen	3½	378-383	382-384
Austria Sch	4½	28.00-28.25	28.10-28.20
Swiss Fr.	1	3.42-3.45	3.43-3.44

Belgian rate is for convertible francs. Financial franc 62.40-62.50.

FORWARD AGAINST £

One month	% p.a.	Three months	% p.a.
0.62-0.52c.pm	3.61	1.40-1.30c.pm	2.85
0.78-0.88c.pm	4.66	1.58-1.48c.pm	2.81
2⅝-1⅝ c.pm	6.04	6⅜-5⅜ c.pm	5.68
35-25 c.pm	5.86	85-75c.pm	5.20
ore pm-1½ore dis	-0.57	4½-6½ ore dis	-1.98
3-2 pf pm	7.68	7⅞-6⅞ pf pm	7.56
65-135 c. dis	-11.79	180-485c.dis	-11.70
par-100 c. dis	-4.09	60-160 c.dis	-2.72
par-2 lire dis	-0.75	2-5 lire dis	-0.87
1½-2 ore dis	-1.17	1¾ore pm-½ dis	-0.39
1½-½ c. pm	1.77	3¾-2¾ c.pm	1.54
2½-½ore pm	2.09	5½-3½ ore pm	2.09
300-270 y.pm	8.95	9.85-8.55y.pm	8.69
17-7 gro pm	6.11	42-32 gro pm	5.25
3-2 c.pm	6.76	8⅜-7⅜ c.pm	8.51

Six-month forward dollar 2.30-2.40c pm, 12-month 4.90-4.80c pm.

THE DOLLAR SPOT

July 19	Day's spread	Close
Canad'n $*	88.99-89.05	89.02-89.05
Guilder	2.2230-2.2270	2.2260-2.2270
Belgian Fr	32.46-32.50	32.48-32.50
Danish Kr	5.6085-5.6235	5.6095-5.6105
D-Mark	2.0595-2.0625	2.0600-2.0610
Port. Es	—	45.50-45.60
Lira	846.80-847.25	846.85-847.15
Nrwgn. Kr	5.4115-5.4150	5.4115-5.4135
French Fr	4.4595-4.4645	4.4595-4.4610
Swedish Kr	4.5475-4.5530	4.5475-4.5495
Yen	201.60-201.90	201.65-201.75
Austria Sch	—	14.8900-14.9475
Swiss Fr	1.8175-1.8225	1.8213-1.8223

* U.S. cents per Canadian $.

FORWARD AGAINST $

One month	% p.a.	Three months	% p.a.
0.02c pm-par	-0.13	Par-0.03c pm	0.06
0.57-0.52c pm	2.79	1.65-1.60c pm	2.92
8-7c pm	2.72	22-21c pm	2.66
—		—	
0.75-0.70pf pm	3.97	2.47-2.42pf pm	4.33
—		—	
2.40-2.90lire dis	-3.56	7.00-7.75lire dis	-3.50
—		—	
0.45-0.55c pm	-1.51	1.35-1.55c pm	-1.29
—		—	
1.00-0.90y pm	5.76	2.90-2.80y pm	5.64
0.93-0.87c pm	5.55	3.01-2.97c pm	6.25

CURRENCY RATES

July 18	Special Drawing Rights	European Unit of Account
Sterling	0.660170	0.648877
U.S. dollar	1.24508	1.25178
Canadian dollar	1.40134	1.40728
Austrian schilling	18.5257	18.6222
Belgian franc	40.5087	40.7266
Danish kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Norwegian kroner	[illegible]	[illegible]
Peseta	[illegible]	[illegible]
Swedish kroner	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]

CURRENCY MOVEMENTS

July 19	Bank of England Index	Morgan Guaranty changes %
Sterling	62.20	-40.8
U.S. dollar	86.55	- 7.8
Canadian dollar	84.68	-13.8
Austrian schilling	139.62	+18.3
Belgian franc	109.67	+12.5
Danish kroner	114.27	+ 5.3
Deutsche Mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

July 19	£	$		Note Rates
Argentina Peso	1,506-1,512	796.78-797.69	Austria	27¼-28¼
Australia Dollar	1.6463-1.6613	0.8719-0.8730	Belgium	61¼-65
Finland Markka	7.96-7.97	4.2060-4.2100	Denmark	10.65-10.70
Brazil Cruzeiro	33.49-34.49	17.67-18.20	France	8.35-8.50
Greece Drachma	68.821-70.008	36.05-36.94	Germany	3.85-3.95
Hong Kong Dollar	8.7800-8.8050	4.6355-4.6375	Italy	1,580-1,610
Iran Rial	130-146	68.60-71.77	Japan	380-390
Kuwait Dinar (KD)	0.511-0.521	0.2697-0.2749	Netherlands	4.10-4.25
Luxembourg Franc	61.40-61.50	32.45-32.47	Norway	10.15-10.30
Malaysia Dollar	4.4600-4.4725	2.3640-2.3660	Portugal	81-87
New Zealand Dollar	1.8205-1.8255	0.9634-0.9657	Spain	1,435-1,465
Saudi Arabia Riyal	6.45-6.55	3.39-3.45	Switzerland	3.35-3.50
Singapore Dollar	4.35-4.3650	2.3045-2.3055	United States	1.88-1.89½
South African Rand	1.6350-1.6520	0.8628-0.8718	Yugoslavia	34-36

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

July 19	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.895	3.905	383.0	8.450	3.435	4.215	1604.	2.129	61.45
U.S. Dollar	0.528	1.	2.061	202.1	4.459	1.813	2.224	846.4	1.123	32.43
Deutsche Mark	0.256	0.485	1.	98.08	2.164	0.880	1.079	410.8	0.545	15.74
Japanese Yen 1,000	2.611	4.948	10.20	1000.	22.06	8.969	11.01	4188	5.559	160.4
French Franc 10	1.183	2.243	4.621	453.3	10.	4.065	4.988	1898	2.520	72.72
Swiss Franc	0.291	0.552	1.137	111.5	2.460	1.	1.227	467.0	0.620	17.89
Dutch Guilder	0.237	0.450	0.926	90.87	2.005	0.815	1.	380.5	0.505	14.58
Italian Lira 1,000	0.623	1.181	2.435	238.8	5.268	2.142	2.628	1000.	1.327	38.31
Canadian Dollar	0.470	0.890	1.834	179.9	3.969	1.613	1.980	753.4	1.	28.86
Belgian Franc 100	1.627	3.084	6.355	623.3	13.75	5.590	6.859	2610.	3.465	100.

EURO-CURRENCY INTEREST RATES*

July 19	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	N.A.	7¼-8¼	7½-8	4⅛-4¾	2¼-2½	3⁵⁄₁₆-3⁷⁄₁₆	7⅞-8	21-17	—	—
7 days notice	N.A.	7¼-8¼	7⅞-8⅛	4½-4¾	2¼-2½	3⁵⁄₁₆-3⁷⁄₁₆	8⅛-8⅜	11⅛-12½	7⁹⁄₁₆-8⅛	2⅝-2⅞
Month	11-11½	7⅝-8	7½-7¾	4⅝-4⅞	2-2⅛	3½-3⅝	8⁹⁄₁₆-9³⁄₁₆	11-12	7⅝-7¾	2¼-2⅝
Three month	11⅛-11⅜	8⅛-8½	8⁷⁄₁₆-8⁹⁄₁₆	5⅛-5⅜	1¹⁵⁄₁₆-2¹⁄₁₆	3⅝-3¾	9⅜-9⅝	11⅛-12½	8⅜-8⅝	2¾-3⅛
Six months	11¾-12	8⅝-9	8¹⁵⁄₁₆-9¹⁄₁₆	5⅞-6⅛	2³⁄₁₆-2⁵⁄₁₆	3⅞-4	10¼-10½	12¾-13¾	9-9⅛	3⅜-3¾
One year	12-12⅜	8¹⁵⁄₁₆-9³⁄₁₆	9¹⁄₁₆-9³⁄₁₆	6¼-6½	2¼-2⅜	4⅛-4¼	10¹³⁄₁₆-11⅛	13½-14¼	9⅛-9¼	3¹¹⁄₁₆-4¹⁄₁₆

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.05-8.15 per cent; three months 8.40-8.50 per cent; six months 8.90-8.90 per cent; one year 9.00-9.10 per cent.

Long-term Eurodollar deposits: two years 9⁵⁄₁₆-9⁷⁄₁₆ per cent; three years 9⁷⁄₁₆-9⁹⁄₁₆ per cent; four years 9½-9⅝ per cent; five years 9⁹⁄₁₆-9¹¹⁄₁₆ per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

No Fed tightening yet

There was no sign of further moves to tighten U.S. credit policy following the monthly meeting of the Federal open market committee this week. Fears that the committee would indicate an increase in the target rate on federal funds were not realised, when the Federal Reserve announced late on Tuesday that it would make overnight repurchase agreements yesterday. In this way the Fed injects temporary liquidity into the banking system by buying securities from dealers for resale at a later date.

At the time of the announcement federal funds were trading at 7⅞ per cent, compared with the Fed target rate of 7¾ per cent.

Although this may reflect official concern that higher interest rates could damage the economy, it may also simply indicate technical factors this week, and not point to any policy decision.

Federal funds rose sharply yesterday to around 9-9½ per cent, but this was of little significance, since it was the weekly make-up day for banks, when rates tend to be rather volatile. The publication of money supply figures today will be watched with great interest, but following this week's action by the Fed, Treasury bill rates were easier. Rates for 13-week bills fell to 7.06 per cent from 7.12 per cent yesterday, with 26-week bills reduced to 7.46 per cent from 7.49 per cent, and one-year bills to 7.77 per cent from 7.80 per cent.

BRUSSELS—Central bank discount and Lombard rates were unchanged at 5½ per cent following yesterday's board meeting, while call funds in the money market rose slightly to 3.10 per cent from 3 per cent. The Belgian franc fell below its minimum permitted level against the Deutsche Mark within the European currency snake again.

Deposit rates for the Belgian franc (commercial) were 5⅝-5⅞ per cent against 5½-5⅝ per cent for one-month; 6-6¼ per cent unchanged for three-month; 6½-6¾ per cent unchanged for six-month; and 7¼-7½ per cent unchanged for 12-month.

PARIS—Day-to-day money continued to ease, falling ⅛ per cent to 7⅞ per cent. One-month was unchanged at 7⅞-7⅞ per cent, and three-month at 7¹³⁄₁₆-7¹⁵⁄₁₆ per cent. Six-month funds were quoted at 8¼ per cent, compared with 8⅛-8⅜ per cent previously, while 12-month money was unchanged at 8⅞-8⅞ per cent.

AMSTERDAM—Call money was unchanged at 4⅝-4⅞ per cent, while one-month funds eased to 4⅞-5 per cent from 5-5¼ per cent. Three-month money rose to 5⅞-6 per cent from 5⅝-5⅞ per cent and six-month was unchanged at 6¼-6½ per cent.

FRANKFURT—Call money eased to 3.5 per cent from 3.55 per cent, while period rates between one-month and six-month were unchanged.

GOLD

Stronger trend

Gold improved $1 an ounce in the London bullion market yesterday to $185½-186½. Trading was very subdued and the metal opened at $185¾-186¼ before being fixed at $185.75 in the morning and $185.70 in the afternoon. Yesterday's third U.S. gold auction seemed to have little effect on the market and the average price per ounce at the auction was $185.16.

In Paris the 12½ kilo bar was fixed at Fr26,850 per kilo ($187.10 per ounce) compared with Fr26,895 ($187.40) in the morning and Fr26,850 ($186.95) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM12,300 per kilo ($185.58 per ounce) compared with DM12,300 ($185.34) previously.

	July 19	July 18
Gold Bullion (a fine ounce)		
Close	$185½-186¼	$184½-185½
Opening	$185¾-186¼	$185½-186
Morning fixing	$185.75 (£98.374)	$185.40 (£98.282)
Afternoon fixing	$185.70 (£98.255)	$184.85 (£98.147)
Gold Coins domestically		
Krugerrand	$194-196 (£102½-103½)	$194-196 (£103-104)
New Sovereigns	$56¾-58¾ (£30-31)	$55½-57½ (£29½-30½)
Old Sovereigns	$56¾-57¾ (£29½-30½)	$54½-56½ (£29-30)
Gold Coins internationally		
Krugerrand	$191-193 (£101-102)	$189½-192½ (£101½-102½)
New Sovereigns	$53½-55½ (£28½-29½)	$53½-55½ (£28½-29½)
Old Sovereigns	$54½-56½ (£28½-29½)	$54½-56½ (£29-30)
$20 Eagles	$274½-277½	$276½-279
$10 Eagles	$138½-145½	$138-145
$5 Eagles	$98½-103½	$98-104

UK MONEY MARKET

Unexpected assistance

Bank of England Minimum Lending Rate 10 per cent
(since June 8, 1978)

Day-to-day funds were expected to be in surplus in the London money market yesterday, and although conditions were generally comfortable the authorities were called upon to give a small amount of assistance by lending money overnight at Minimum Lending Rate of 10 per cent to one or two discount houses.

Yesterday was published figure day for London banks, and as such the banks were anxious to ensure that their reserve asset positions were correct. This led to the comfortable situation, with money freely offered to the houses, generally well in excess of their requirements. Interbank rates may have touched 30 per cent in places, although houses paid only 7-8 per cent for call money, which counts as a reserve assets.

Banks brought forward surplus balances from Tuesday, and this outweighed a small net take-up of Treasury bills, a slight excess of revenue payments to the Exchequer over Government disbursements, and a slight rise in the note circulation.

Fixed-period interest rates were generally firmer yesterday, and some houses marked up buying rates for Treasury bills very sharply, indicating their present dissatisfaction at the present yield on bills when compared with the cost of money.

LONDON MONEY RATES

July 19 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-30	—	—	—	11	7-8	—	—	—
2 days notice	—	—	10½-11	—	—	—	—	—	—	—
7 days or 7 days notice	—	11-11¼	10½-10⅞	—	11⅛	11¼	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent; four-month trade bills [illegible] per cent. Approximate selling rates for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent; one-month trade bills [illegible] per cent; two-month [illegible] per cent and also three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association): [illegible] per cent from July 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount [illegible] per cent.

MONEY RATES

NEW YORK

Prime Rate	9
Fed Funds	[illegible]
Treasury Bills (13-week)	7.06
Treasury Bills (26-week)	[illegible]

GERMANY

Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

FRANCE

Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

JAPAN

Discount Rate	[illegible]
Call (Unconditional)	[illegible]
Bills Discount Rate	[illegible]

FINANCIAL TIMES SURVEY

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Vans and Light Trucks

With the European market for vans and light trucks approaching 500,000 vehicles each year most manufacturers are now working on designs which can meet common needs rather than particular local requirements.

Aiming at a wider market

By Terry Dodsworth

DURING THE last two years, there has been an extensive effort to remodel the light commercial vehicles marketed by the leading European commercial vehicle manufacturers. This product activity is partly the result of the normal replacement cycle. But there is also a deeper commercial reason for the change. The new vehicles are—to a large degree, a response by European companies to the development of an international market in this range of products. They have been aiming to design vans which appeal throughout the EEC and the rest of Western Europe and which can meet common needs rather than particular local requirements.

This approach is not entirely new. There have been signs of it for about a decade. But it remains true that the trend in product development has accelerated rapidly within the last two years, leading to vehicles which have a great deal of similarity in styling and design characteristics. In the past, European van markets have been extremely idiosyncratic, with vehicles designed and sold mainly within national boundaries—to some degree, the French position remains like this to this day. But the economics of production are pushing producers towards the larger volumes and the more widespread markets which are already a common characteristic of the car sector.

In addition, vans are being treated increasingly as significant parts in a manufacturer's range. They give the dealer networks a wider spread of activity, and, in Britain, at least, help to appeal to fleet buyers who are interested in products for a wide range of needs. In this respect they can give a boost to a franchise, helping to increase unit throughput in the dealer outlets, which is such an important element in the business today.

For the producers, the profit benefits from the van sector are not always so clear. Because of the smaller volumes involved, and the fact that the vehicles are utility products with little leeway for manoeuvre on prices, it is easy to lose money. At the same time, van production can cut into much-needed capacity and time on the car lines: even if the vehicle has a unique shape, it is likely to use some components which go into a car, and which will, in many cases be first used to keep the car lines going if there is any problem in production.

But although van manufacturing can cause clear problems to the producers, most of them minimise the risks by making as much of the vehicle as possible common to cars and other products. All of the car-derived cars fall into this category—even the Vauxhall HA van, which is now quite distinctive in its range, derives its shape from the original, now-discontinued, HA Viva. Higher up the range, the small panel vans look quite unique. But they generally have engines and some other drive-train components drawn from elsewhere in a company's range.

This commonality of parts declines the further that the products move away from motor cars. In the very small-weight vehicles, there are very few purpose-designed vans. They are taken from cars modified. In the smaller panel van range of up to 3.5 tonnes gross vehicle weight (the weight above wihch owners must have an operators' licence) more parts have to be designed solely for the vehicle. And above this sector, in the range up to 7.5 tonnes (at which point operators must have a heavy goods licence) designs are more closely related to trucks proper.

The main product activity recently has been in the middle area of specially-designed vans of around 3.5 tonnes. This sector has, within Europe, embraced a completely new vehicle from Mercedes to replace its long-running Bremen model, a vehicle from Iveco, the Fiat subsidiary, and a remodelling of the Ford Transit. In addition, this series of products was preceded by the Volkswagen LT range which has made a considerable impact in West Germany already and is gradually making an impression on overseas markets.

With a European market approaching 500,000 in this sector, there are clear opportunities for the vehicle companies to exploit. The products they are offering are taking on a fairly standard look, and as product development goes on, all the manufacturers are paying much more attention to driver's cab conditions. In addition, there has been a move towards making the vehicles drive as much as possible like a car, and towards giving customers the choice of either a diesel or petrol engine.

The other sectors of the light commercial market are by no means so easily defined. In the very light vans area the vehicles tend to be hybrid, owing a great deal to the cars on which they are based. They therefore offer a quite wide variety of load-carrying capacity in either pick-up or van form. But at the same time, the sector embraces such as the small Honda special purpose-built vehicles HN 360 van.

Higher up the range, in the area covering vehicles of between 3.5 and 7.5 tonnes, manufacturers have again found it difficult to fix on a precise market need and method of approach. The trouble in this sector is that customers can quite often answer their needs for carrying loads of these weights by running a truck designed basically for something a little heavier, or by scaling up a smaller vehicle with a different shaped body. Ford, for example, with the A Series, designed to fall into this niche, has never quite found the level of demand to justify a separate vehicle.

Because of these difficulties, a number of manufacturers now seem to be moving towards design concepts which will allow them to cover this weight range, with either smaller vehicles graded up, or larger vehicles graded down. The new Volkswagen LT, for example, has a cab clearly designed to fit into vehicles of more than 3.5 tonnes in due course: indeed, the company is expected to announce developments in this arear in collaboration with MAN, the German manufacturer of heavy trucks, in the near future. Ford is also expected to move in this direction eventually, and the new IVECO "S" van, not yet available in the UK, is expected to have a wide span of weight ranges.

During the last year, the European market as a whole has not been particularly buoyant in any of the commercial vehicle sectors, including the lighter products. UK producers, however, have been able to make a considerable impact with their diesel-driven vehicles which have made a particularly strong impression on the cheap diesel markets of Italy and France. At the same time, the home market has begun to rise rapidly again this year, going up by about 14 per cent in this lighter-weight area.

A great deal of this growth in Britain has been captured in the last six months by the importers, who have been much more vigorous in this sector in the last two years. In the car-derived sector, the importers' share this year has risen to 21 per cent, while in the medium van category it is up to a quarter of the market.

Part of this growth is due to the natural expansion which has gone on in the imported vehicle franchises during the last year. This growth, on the car side, has provided the base to move into light commercial vehicles which the networks are now large enough to support.

But it also owes a great deal to the furore over Japanese car imports, which has virtually forced the Japanese importers to look for new fields of growth away from cars. Real expansion by the Japanese began in the van sector about two years ago, and it has grown rapidly since then as the pressure to reduce car sales increased.

The Japanese producers also have a highly suitable range of products for this sector, with a number of vehicles derived from cars, but a substantial proportion of specially-designed pick-ups and vans which have been aimed in increasing numbers during the last decade at their export markets in the U.S. and Middle East. These products have now been brought into Europe, where the pick-up market had gone into decline, and immediately shown that there remains a substantial latent demand for them.

In the UK, this Japanese growth looks like being brought to a halt by the new agreement on limiting shipments from Japan. This deal has been arranged to cover light commercial vehicles as well as cars for the rest of this year, and there is a clear possibility that it will be extended into next year as well.

The Japanese interest in this sector in Europe, however, is unlikely to wane. As the new products from European producers have demonstrated, the market for light vehicles, reckoned to account for around two-thirds of total commercial vehicle sales, remains an important one. It is also one which may well grow if Europe follows the example of the U.S. where light commercial vehicles have been the most buoyant sector of the total vehicle market in the last few years.

In the U.S., this has involved a great deal of development of the product into leisure vehicles which are as easy and as comfortable to drive as cars. European manufacturers have been going the same way with their latest developments, and are clearly manoeuvring themselves into a position where they can take advantage of a repetition of this market trend on this side of the Atlantic.

REGISTRATIONS OF NEW COMMERCIAL VEHICLES IN THE UNITED KINGDOM BY MANUFACTURER

Manufacturer	Car-derived vans and pickups: June 1978	June 1977	Six months ended June 1978	Six months ended June 1977	Other vans: June 1978	June 1977	Six months ended June 1978	Six months ended June 1977	Light 4 x 4 vehicles: June 1978	June 1977	Six months ended June 1978	Six months ended June 1977
BRITISH												
Bedford	1,500	1,349	9,034	8,862	1,230	1,168	6,338	7,854				
British Leyland	2,383	1,708	13,886	11,095	1,463	1,082	8,807	6,719	575	543	3,082	3,999
Chrysler					689	379	3,491	2,827				
Ford	1,376	1,429	8,114	9,361	3,855	2,971	20,296	19,305				
Others	16	21	95	100	2	9	24	26				
Total British	5,275	4,507	31,129	29,418	7,239	5,609	38,956	36,731	575	543	3,082	3,999
IMPORTED												
Chrysler (France)	340	289	2,188	2,275								
Citroen (France)	1	1	16	42								
Peugeot (France)	61	—	310	—	22	7	101	70				
Renault (France)	130	124	963	876								
Mercedes-Benz (Germany)					125	135	857	797				
Volkswagen (Germany)					707	440	4,378	2,733				
Fiat (Italy)					199	195	1,278	961				
Daihatsu (Japan)									55	—	201	—
Datsun (Japan)	244	151	1,917	785	420	204	2,349	1,010				
Honda (Japan)	131	215	1,465	1,284	56	—	56	—				
Mazda (Japan)					207	118	1,297	753				
Toyota (Japan)	29	79	260	273	366	181	2,913	1,016	—	4	1	49
Ford (Spain)	514	—	1,283	—								
Jeep (U.S.)									10	—	61	—
Others	11	4	24	58	9	—	34	47	6	—	19	29
Total imported	1,461	863	8,426	5,593	2,111	1,280	13,263	7,387	71	4	282	78
GRAND TOTAL	6,736	5,370	39,555	35,011	9,350	6,889	52,219	44,118	646	547	3,364	4,077

Battle for the medium range

THE BIGGEST encroachment by the importers in the UK commercial vehicle market during the last year has unquestionably been in the medium van sector. In this area, covering vehicles which are not derived from cars, but which weigh under 3.5 tonnes, the importers have pushed up their sales in the first six months of the year from 7,387 units to 13,263 to chalk up an extraordinary increase of almost 80 per cent. By contrast, British sales, at 39,956 vehicles, went up by only 6 per cent.

The surprising feature of this change is that the UK manufacturers themselves are strong competitors in this sector. Indeed, in many ways they have had a more significant influence on the way European producers design their vans than any other manufacturers in the region. The Ford Transit van, launched in 1965, and followed by the Bedford CF, Chrysler PB and BL Sherpa, set a trend in styling and general design which is now being copied throughout the industry.

This year, however, both Ford and Bedford among the British manufacturers have suffered more than usual from the now familiar production shortages which plague the UK industry. Ford's Transit was hit hard early in the year by the long-running strike at Halewood, Liverpool, which deprived its production lines in Southampton of the floor pans on which the vehicles are built.

Bedford, while also having to recover from the effects of a serious dispute in the latter part of last year, has been trying to keep up with growing Continental demand, thus reducing its sales potential in the UK. The burden of competing with the growing competition with importers has thus fallen on BL and Chrysler, neither of which has been able to raise production sufficiently to match demand.

The net result of this situation is that Ford, the market leader, sold only 991 more vans this year than in 1977, a rise of only 5 per cent in a period when the overall market was up by 18 per cent. Bedford sales actually dropped, from 7,854 units to 6,338 during the first six months, although there were signs that the situation was improving during June.

Bedford's decline has given BL the opportunity to climb into second place in this market, and in the first six months it registered 8,807 units of its Sherpa van. This represented a very substantial improvement of 31 per cent over the record in the same period of 1977, indicating the growing popularity of the Sherpa. And Chrysler also managed an encouraging 23 per cent improvement, with sales up from 2,827 vehicles a year ago to 3,491.

Overseas

In overseas markets, the UK companies have made up a lot of the leeway lost in Britain. Bedford, for example, following up its new drive into the Continent, has raised shipments this year by more than 25 per cent. In Italy, its sales have gone up to 6,300 units in the first six months of this year, an increase of 34 per cent, and in Germany, one of the most difficult markets to crack, they have expanded by almost 30 per cent to reach 2,777 units in the same period.

Bedford's position has been improved by the development of its Portuguese plant to a capacity of about 14,000 units of its CF range a year. Parts are still shipped out from the UK for the van, but following the expansion, Portugal has been given sole responsibility for supplying the Italian market. This will have the effect of easing the pressure on the UK lines for the van, and should help the company in its attack on other European markets.

Ford, similarly, has been juggling with its European resources in order to increase output of its Transit range. Total capacity now stands at well over 130,000 units a year, with the majority being made in Southampton and 55 a day at the Genk plant in Amsterdam. Genk (which had its first strike in many years a few months ago) now builds the standard Transits so that Southampton can concentrate on the more complex vehicles.

The Transit appears to be selling well in the new cab form which was recently introduced, some 12 years after the original was produced.

BL's Sherpa van, made by the Austin-Morris division of the group, has aimed for a somewhat different niche of the market than the Transit. It is a narrower vehicle, and lighter, not going up to the full 3.5-tonne mark, but it had proved popular for certain kinds of urban delivery work in confined streets, and also for conversions, presumably because of its ease of manoeuvre.

BL is also well represented in the area between 3.5 tonnes and 7.5 tonnes having inherited two vehicles in this category—the FG and EA vans—from the old BMC plant at Bathgate. This factory is now run by the Leyland Vehicles division, which is now in the process of rationalising and modernising its range.

Chrysler similarly has a range of vans in this sector which it is known to be redesigning at present. The intention is to produce a vehicle which can be sold in either a panel van or chassis-cab configuration, but in the meantime it is still selling its Walk-Thru van, rated at between 3.4 and 5.6 tonnes gross vehicle weight, and its Spacevan, with a payload of about 2 tonnes.

The problem with vehicles in this sector is to generate sufficient volume to make them pay. This is why, in the next generation of European vehicles, manufacturers are likely to trim their ranges and have a smaller number of basic models which can be stretched or reduced in size. This is also why it is important to have designs which can be exported and which can therefore help to provide the extra volume.

This export philosophy has been clearly visible in Britain during the last year or two, in a period when a wide variety of foreign manufacturers have flooded into the medium van and pickup market. From Europe, Mercedes, Fiat and Volkswagen have all made quite an impact in the past six months. Mercedes, selling its range of Bremen (2.5 tonnes to 3.5 tonnes) and Dusseldorf vehicles (3.5 tonnes to 6.5 tonnes) has lifted sales from 797 units to 857; Fiat's have gone up from 961 to 1,278; and Volkswagen's combination of its Type 2 panel van (up to 2.5 tonnes) and LT van (2.5 to 3.5 tonnes), have helped raise sales from 2,733 units a year ago to 4,378.

The Japanese expansion has relied more on tackling sectors of the market neglected by the British or Continental producers. Mazda, for example, has carved out a niche with its 1 ton payload pickup which is a completely separate design from anything in its car range, and comes with a chassis on which a variety of body work shapes can be built.

Toyota has also pursued the pickup market with its own Hi-Lux vehicle, which was derived originally from one of its cars, but which now has a separate life of its own. The Hi-Ace van is aimed more directly at the UK panel van competitors, but has been sold with a high standard of equipment which has made it ideal for caravan conversions. And Datsun has also pursued the 1 ton pickup market, along with the light chassis cab sector with its Cabstar range, increasing sales this year from 1,010 units to 2,349.

In the second half of this year, the British manufacturers expect to do rather better with their medium weight range than they did in the first six months, mainly because supply should have improved. But they are clearly going to face stiff competition, even though the Japanese will be operating under a policy of restraint. The time when national manufacturers could sit comfortably on their own domestic markets now seems to have disappeared.

Terry Dodsworth

Smaller vehicles

IN COMMON with the rest of the commercial vehicle market in Britain this year, sales of small car-derived vans and pickups have expanded rapidly. Total registrations during the first half of 1978 were up by about 5,000 units from 35,000 in 1977 to 40,000, giving an increase of 4.2 per cent. Like the boom which is going on in car sales, there is no easy explanation for this increase. But it seems that many users have come to a point in the replacement cycle where they have been forced to buy new equipment, while this trend has undoubtedly been reinforced by the improvement in disposable incomes and the greater stability of prices this year.

Only a very few of these extra sales, however, have ended up in the hands of the British manufacturers. Overall, their registrations have gone up by only 5.8 per cent from 29,418 units to 31,129 in the first six months.

The decline of the UK manufacturers' position is undoubtedly connected to some extent to changes in dealer organisations. In the car industry there has been shown to be a positive correlation in the reduction of the UK manufacturers' networks and the fall in British-produced car sales. Similarly, imported vehicle sales have risen in line with the expansion of dealer networks.

Since car-derived vans and pickups are distributed alongside cars, and since many of these organisations have been adding them to their model ranges, there has been an inevitable swing towards the importers: they now control 21 per cent of the market compared with 8.6 per cent three years ago.

Among the UK producers, Ford has done particularly badly this year, with sales of its UK-produced products falling from 9,361 units to 8,114. The main reason for this has been poor production of its Escort van, which was particularly hard-hit by the long-running stirke at its Halewood plant in Liverpool earlier this year.

Partly because of the challenge from foreign producers in the van market, Ford has also decided to make a van version of its Fiesta model. This was a somewhat controversial decision, which has nevertheless broadened the company's representation and helped to win some extra sales. At the same time, however, it has also meant increasing imports, since a number of these vehicles are brought in from Ford's associate plants in Spain: by June of this year, Ford had imported 1,283 of these vans, swelling its total sales in the UK to 9,397 vehicles, slightly ahead of Bedford.

Chrysler, another of the American multinationals, also imports a considerable number of vans from the Continent. Indeed, Chrysler UK does not make any products at all to compete in this sector—rationalisation of its range and manufacturing facilities in Europe will give the British company sole production rights to a larger vehicle in return for importing the Simca range of lighter 1100 vans.

This range of imports has done very well in Britain during the last two years or so, although sales are slightly down this year at 2,188 units against 2,275 in the first six months of 1977. This total makes the Simca product the largest import in this sector, and has given it a place among the most successful models.

In contrast with Ford, both BL (the old British Leyland) and Bedford, have improved their overall sales to some degree, though not their market

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Four wheel drive

THE CONFIDENCE Leyland Cars (as it then was) had in the future for four-wheel drive, off-the-road vehicles was expressed in the £250m programme to double production of Land-Rovers and Range Rovers at the Solihull plant in the Midlands. Except for getting a bloody nose in Africa from Toyota Land Cruiser in the early 1970s, it has been one long story of success since the Land-Rover was first introduced in 1948. Well-intentioned advice to Rover management to expand capacity to meet demand was never fully implemented, with the result that the home market was really what the marketing division decided to release to the UK. This has hovered around 20 per cent of the 55,000-60,000 annual output of 45,000-50,000 Land-Rovers and some 10,000 Range Rovers.

In never consciously fully meeting demand Rover was able to pursue a strong pricing policy, and the two vehicles have been appreciably better profit earners than their cousins, commercial vehicles. Since Mr. Michael Edwardes took over the British Leyland reins they have assumed a new identity under the autonomous Land-Rover company, and been given new aims. As in the overall strategy, the emphasis is now on unit profitability. Plans for increased output have been cut back to 75 per cent, and while there will obviously be substantial improvements and extensions to assembly lines, most of the expenditure will be on support facilities—the satellite factories making engines, axles and other major components. One of the aims of this still ambitious programme will be to provide greater flexibility to deal with the vagaries of markets and respond quickly to political or other changes in fuel pricing.

There is also the need to freshen the range. Although every single item in the Land-Rover, down to the smallest nut and bolt, has been changed, the vehicles still look very much the same. There are strong hints that the V-8 engine will replace the six-cylinder engined Land-Rover in a long wheelbase chassis, and that chassis and mechanicals will be updated in 1981-82 and will combine the best features of the Land and Range Rovers.

These changes are coming none too soon, for the company's 95 per cent share of the domestic market is coming under increasing attack from Japanese, American and European producers of four-wheel-drive and leisure-time vehicles which, though not true off-the-road performers, resemble them and make a strong appeal to those with sporting instincts. While there is no doubt that Land-rover can defend its home market supremacy successfully, the tag "within the range" has to be added, for newcomers are widening the market and inviting consideration as to whether they might not better meet individual requirements. Land-Rover may come to regret the abandonment of the 1½-ton payload vehicle and be thankful that the Japanese challenge—as usual technically strong and interesting—is muted by voluntary limitation on exports.

Fortunately the gap in the upper Land-Rover range is starting to be filled by a British —or perhaps one should say Scottish — newcomer from Cumnock in Ayrshire, Stonefield Vehicles.

The two Stonefield vehicles are an effective combination of simplicity and sophistication. The body structure to waist height is of welded rectangular and square tube that provides exceptional strength, while the engines have automatic boxes allied to a Ferguson Formula four-wheel-drive system which gives two-thirds of the power to the rear wheels and one third to the front. The Stonefield designed suspension employs leaf springs. The engine options are a Ford three-litre six-cylinder (with Ford automatic gearbox) of 138 bhp or (from October) a Chrysler 5.2-litre V8 (with Chrysler automatic box) of 150 bhp. Both are petrol engines. The 4x4 has a payload of up to 2 tonnes and the 6x4 a payload of up to 3½ tonnes, and prices are around £11,500 for the Ford engined version and £15,000 for the larger Chrysler-engine model. Production is just starting at the rate of two a week and is planned to rise to 50 in due course, with exports taking some 1,700 out of a full 2,500. Early models are already in the hands of Humberside Fire Services, Thames TV and Marconi, which illustrates the kind of specialist applications Stonefield is looking for. They also include the Post Office, Central Electricity Generating Board, construction companies, and mobile crane hirers and users. Military uses for the Chrysler-engined version are also being assessed by the Army.

Competitors

Among Stonefield's nearest competitors is Volvo's range of 4x4 and up to 6x6 vehicles with up to four tonnes payload. But while these cross-country vehicles have been available for many years, the UK has not been a market for them, although Volvo International Development Corporation now has a London office. This is aimed at expanding sales in the Middle East, Africa, Asia and America, but it would obviously be a simple matter to turn its attention to the UK, and it may feel impelled to do so to counter thrusting competitors like Steyr-Daimler-Puch's Prinzgauer, which has recently made its appearance here. At present heavily oriented towards military and para-military uses, its civilian potential has been studied.

Steyr-Daimler-Puch is also in partnership with Mercedes-Benz in developing the Explorer, [illegible]cted to be launched at the [illegible] of this year or early in 1979. [illegible] range will cover the basic [illegible] Rover and Range Rover [illegible]ls and be fully competitive with the Range Rover in comfort and trim. There will be two- and four-wheel drive versions, including a 100-inch wheelbase eight-seater, it is said. There will be a full range of options including air-conditioning, with either petrol or diesel engines of various powers to suit customer requirements. Mercedes-Benz is also pushing ahead with its current range of Unimogs, which over here are rated as f.w.d trucks. The most popular is the 421 with a one-tonne payload capacity. The range, like that of Volvo, extends to trucks with a capacity six-tonne payload.

But the latest, and as usual strong, challenge is coming from Japan with the Land-Rover-like Daihatsu and the Subaru. TKM Vehicle Services (UK) has added the petrol-engined 1,587cc 70 mph Daihatsu to the American Jeep it already distributes. Some 500 Daihatsus have arrived in this country and are being retailed by 46 dealers at around £4,000 for the soft-top and £4,179 for the hard-top version.

The Subaru comes from Fuji Heavy Industries, Japan's newest vehicle producer, and was introduced in December last. Again it has a 1,600cc petrol engine and four-wheel drive is engaged by moving a lever while on the move. It follows the trend towards well-appointed and rugged estate cars that will double equally as personal transport and for boat-hauling, farm work or taking the vet on his rounds. About 300 are expected to be sold in the UK this year at a basic price of just under £4,000. In this same price bracket is the Niva, another estate-type car, the first original design to emanate from the Togliatti factory in Russia built by Fiat.

It is hoped to begin selling it, in only left-hand drive version, in the U.K. in the autumn. If it completes the Government type-testing programme, which all new vehicles have to undertake, the public should have a chance to see it at the Motor Show in October. It is already on sale in selected European countries where, of course, left-hand drive presents no problem.

Thus the competition to Land Rover and Range Rover is building up markedly, and in price terms as well as volume. Not in the four-wheel-drive category, but nevertheless proclaiming the demand in this sector of the expanding leisure time market is Chrysler's Rancho. This is basically a glassfibre estate or shooting brake type on a Simca van platform with an Alpine engine and gearbox. It is being shipped from France at the rate of 200 a month "and we shall have no difficulty in selling them" a spokesman declared.

It seems fairly obvious that the U.K. market, which has been hovering around 10,000-12,000, mainly Land-Rovers and Range Rovers, is expanding and that before long the competition will become as keen as it is in other model areas. But it is expected to be in Europe, where sales are not greatly different from those in the UK, that the greater expansion will take place. Marketeers are predicting around 30,000 sales within two years. The increasing choice and volume of production also make it certain that exports are going to be harder to win.

Peter Cartwright

FOUR WHEEL DRIVE PRODUCTION

	1977	1976
U.S. (Jeep, Blazer, Bronco, Trailbuster, etc.)	730,000	568,000
Japan (Toyota, Nissan, Daihatsu, Subaru, Mitsubishi, etc.)	190,000	65,000
UK (including government orders) Land-Rover 42,700 (48,870 in 1976), Range Rover 9,300 (9,880 in 1976)	52,000	58,750
Italy (Fiat Campagnola)	10,000	9,000
Sweden (Volvo C300 and C200 series)	2,500	2,500
Austria (Steyr Daimler-Puch, Haflinger and Prinzgauer)	2,500	2,500
East Europe (UAZ, USSR 40,000; ARO, Romania 12,000; Lada Niva 10,000)	62,000	52,000
Spain (MSA in which BL has 25 per cent interest, and Jeep)	13,000	12,000
Germany (Mercedes-Benz, Unimog)	2,000	2,000

All figures of overseas production subject to estimates. Rover output includes military vehicles: figures for other countries are, as far as known, civilian vehicle production.

Smaller

CONTINUED FROM PREVIOUS PAGE

[illegible]ares. BL has benefited from [th]e improvement in supply this [y]ear which has come from [b]etter production of its well-[tr]ied Mini and Marina van [r]ange to raise sales from 11,095 [to] 13,886: while Bedford has [w]idened its appeal in this area [b]y adding the Chevette-derived [va]n to its long-running HA [m]odel to push registrations up [fr]om 8,862 to 9,034.

These two manufacturers, [h]owever, have been able to [m]ake only a partial response [to] the rising demand this year. [A]t the same time, they are [cl]early finding it difficult to [de]fend the British position with [on]ly a limited range of pro[du]cts. Importers have brought [to] the market a variety of [ch]oice which is now lacking [fr]om the UK producers alone. [Co]mparing the position today, [fo]r example, with four years [ag]o, in a period when BL's sales [ha]ve declined by about 30 per [ce]nt, the number of importers [ha]s doubled from four to eight. The main newcomers are, [of] course, the Japanese, who [ha]ve three companies—Datsun, [Ho]nda and Toyoata—competing [in] this category of the market. [La]st year, they had a spec[tac]ular success in Britain. [Da]tsun's sales rose from 1,364 [un]its to 2,132, Honda's from [5]49 to 2,957, and Toyota's [fro]m 73 to 563, the increases [de]riving from the switch in [sal]es policy towards commercial [veh]icles because of the volun[tar]y restraint being exercised [ov]er their car sales.

This year, the same story of [im]provement has been repeated. [In] the first six months of the [ye]ar, Datsun's sales went up [fro]m 785 units to 1,917, Honda's [fro]m 1,284 to 1,465 and Toyota's [sta]yed virtually level. What [the] Japanese have done is to [fill] a gap which was clearly not [bei]ng properly dealt with by [do]mestic manufacturers, who in recent years have seemed less and less interested in this utilitarian sector of the small vehicle market: the Datsun Sunny van has proved a stylish competitor, and the Honda TN306 panel van, which is an extremely tiny version of the standard European product, have appealed to a limited, but still neglected part of the market which needed suitable urban run-abouts.

The success of the Japanese in this category has brought trouble with it in the longer term. Vans have now been taken unequivocally into the agreement between the Japanese and British Governments which will limit shipments of vehicles to the UK this year to the same number as in 1977. Thus the growth which the Japanese importers had been experiencing is set to come to a shuddering halt. But the Japanese have clearly proved that they can sell products in this area if they are given the opportunity and they have now established the dealer networks which are ready to start selling once again as soon as the present agreement expires.

Other foreign manufacturers which have moved into this field compared with four years ago are the two French companies, Renault and Peugeot. Renault has improved its sales from 876 last year to 973 in the first six months of this year, while Peugeot has just introduced its 304 van, of which it has sold 310 so far.

Another competitor is due to appear shortly in this area from Polski Fiat, which is introducing a pick-up based on the 125P car model which has been selling in the UK for the past five years. The Polski product is being imported by the same parent company as Mazda, the Japanese manufacturer.

T.D.

Japanese assault

IT HAS BEEN clear for the last two years that the Japanese assault on the European car market was being followed by an equally strong drive into *the light commercial vehicle* sector. Sales of the Japanese product have expanded rapidly in this period, not only in the UK, where there has been vociferous political opposition to the trend, but also in the other European markets where *the Japanese car producers* have established themselves. This is particularly the case in the European countries where there is no domestic manufacturing operation.

The best markets for the Japanese have been unquestionably *in these peripheral* geographical areas. These include Belgium, where Japanese vehicles have almost 9 per cent of the medium van market. Denmark (12.5 per cent). Finland (almost 21 per cent). Ireland (about 6 per cent), the Netherlands (5.5 per cent). Norway (25.5 per cent), Sweden (about 15 per cent) and Switzerland (12 per cent).

The Japanese strength derives from three basic factors. First, they have by *now* established very strong dealer networks in all of these countries, *which provide the base for* light commercial distribution as well. The dealers do not need a great deal of *extra investment* in order to tackle this sector, unlike in the heavier commercial vehicles area, and many of them want the additional product in order to maintain their rate of expansion as car sales reach a natural plateau.

Second, *the Japanese commer*mercial vehicle products, as their cars, proved to be reliable, well-finished, in good supply and reasonably priced. In many cases, the Japanese have followed the policy which helped them to break into the car market, providing plenty *of* extras, such as radios in the basic vehicles, which give an additional value to products which were already reasonably priced.

Third, the Japanese producers have provided a very wide range *of vehicles which have given* Europeans a much greater area of choice than was available a few years ago. Indeed, they have demonstrated that there was a great deal of latent demand which was not being satisfied by locally manufactured vehicles, which have undergone a process of fairly radical rationalisation in recent years.

In the last decade it is probably true to say that the *Japanese have become the* strongest manufacturers of light commercial vehicles in the *world*. They make more purpose-built vans and pickups than are produced in Europe, *and benefit from widespread* export sales to create the volume to make this a practical and profitable area. At the same time, their wide range of *utilitarian cars* adapt well to commercial uses.

In the pickup sector in particular, the Japanese have delivered a strong push in Europe. Their position in this sector is based on a strong product range. This was *developed partly for export* sales in the U.S., where pickups have enjoyed a period of great popularity in recent years, along with other overseas markets such as the Middle East where the climate is ideal for open vehicles.

Mazda, Toyota and Datsun all sell pickups of this kind in Europe, aiming their sales particularly *at the small business*man—the vehicles are well adapted to the needs of people in the building trade.

Lower down the weight scales, Honda has found a similar, equally untapped market demand, for its small TN 306 panel van. This vehicle is small enough to compete more or less directly with other car-derived *vans, although it is purpose* built and offers a higher roof space than anything that is conventionally adapted from a car.

Both Nissan, the Datsun manufacturer, and Toyota, the *largest of* the Japanese producers, also produce vehicles based on their cars. For Datsun, this is a version *of* the Sunny, its medium-sized family saloon, which adapts into quite an elegant van. Toyota bases its own on the similar-*sized Corolla* model, which is reckoned to be the best-selling car in the world. The van has a payload of 9.5 cwts.

Higher up the weight range, for loads of about 1 tonne, Toyota has also done well with its HiAce vehicle, which was *remodelled* in the middle of last year. This has the cab-over-engine design which European manufacturers *tend to try* to avoid these days in favour of a short bonnet for access to the engine. But it has, nevertheless, won steady acclaim, and *is popular* for motor caravan modifications.

Setback

The Japanese are also beginning *to move into the European* four-wheel-drive market, a sector of the industry which *could grow rapidly if Europe* follows the pattern of the U.S. In the UK, they have suffered a serious setback in this area with the failure of the Toyota Landcruiser to catch on. Elsewhere in the world, the Landcruiser has proved a serious commercial (if not technical) competitor to the Land-Rover range because of its cheaper price, but in the home of the Land-Rover it failed dramatically to make any impact. But now *a new challenge is* emerging from Daihatsu.

Daihatsu, one of the smaller Japanese motor companies (though it is loosely connected with Toyota), makes a small, utilitarian four-wheel-drive vehicle which is being imported and marketed in Britain alongside the American Motors Jeep range by a company established by TKM. *The initial response* to the vehicle seems to have been favourable—it has captured 201 sales in the last three months—and it has served to emphasise what a rich range of products the Japanese industry has at *its fingertips.*

There have been increasing indications in the past few months that some Japanese manufacturers would like to expand *beyond these lighter* weight ranges into other areas of the commercial vehicle market. Hino, for example, already markets some larger vehicles in Europe. And in Britain, Mitsubishi's importers, Colt Cars, has talked of selling the Canter range—*light* trucks which start at the 5.5 tonnes mark.

Colt is now looking at possible sites to assemble these vehicles in Britain. Feelers have been put out to both local authorities and the Government, and the company has suggested quite high levels of local British *content in the vehicles* as a bait to win approval. But whether the scheme can get off the ground in the current climate of distrust about the Japenese intentions is another matter.

In any case, in Britain at least, if not in the rest of *Europe*, the *expansion* of the Japanese van manufacturers is now being brought to a sharp *halt by Government pressures*. Vans were included in the agreement made in March this year in which the Japanese Ministry of International Trade and Industry undertook to regulate shipments of vehicles to the UK to the same level as last year. This will inevitably have its effect, in due course, on sales, though whether the *importers will be hit by a more* prolonged limitation again next year is by no means clear.

What is clear, however, is that the Japanese have now become a force to be reckoned with in the European light commercial market and can never be treated lightly again. These kind of vehicles have taken their share of the total *West European van and truck* market from about 2.0 per cent in 1975 to well over 3.0 per cent *last year*. That *makes* them, as a group, one of the more significant forces in the European industry.

T.D.

Growth in conversions

ALTHOUGH THE market for motor caravans has yet to recover fully from the recession, demand has improved considerably this year and most manufacturers are optimistic that this *trend will continue.*

An indication of this improvement is the recently announced decision by Volkswagen to appoint three other converters for its vehicles *in* addition to Devon Converters, which has been the sole company fulfilling *this role since 1973. Devon is,* however, expected to remain the largest converter.

Volkswagen, which now aims to reverse the decline in its share of the total British market, believes that by offering a wider range of conversions it can become more competitive. Its new converters are Bariban of Devon, Danbury of Essex, *and Viking Motorhomes of* Bedfordshire.

The company's UK representatives estimate that Volkswagen now holds around 22 per cent of the market, compared with between 50 and 60 per cent before 1973. Of a total of 6,000 units which it estimates will be sold in the UK next year, its target is 2,509, which would capture around 40 per cent of sales.

In the first five months of this year sales of motor caravans *reached* about 2,300, an increase of around 20 per cent on last year and it is reckoned that the *total for the year* will be between 4,000 and 4,500.

But the overall change in the *market is well illustrated by the* fact that Volkswagen alone sold 9,300 units in 1972 and 8,000 in 1973. The oil crisis and recession in Britain hit this sector of the vehicle market very severely, due to the fall in discrentionary income and concern *over fuel prices.*

At the same time the cheaper, less spacious and more economical Fiat Amigo started to capture an increasing share of demand and at one time held a dominant position in the market, although this success (thought to be *mainly* with first time buyers) now appears to be on the wane.

This vehicle, based on the 900T, now retails at about £3,800, which is some way below most of the others available and has the advantage of being more versatile than larger models, in that it can be used comfortably as a second car. The conversions are carried out by Motor Carvan Conversions of *Bedford.*

Volkswagen believes that the success of the Amigo was good for the market in general, persuading new buyers to go for a motor caravan in the first place, but it believes many people will graduate to larger, more specialised vehicles such as their own.

Devon Conversions, which is undismayed by the appointment of new Volkswagen converters, indeed welcomes the opportunity for the company to convert other makes, and it is at present considering doing such work on as yet unnamed UK made and imported models.

"Demand has outstripped our capacity these past months although we have increased production by 25 per cent and we still have a full order book," the company said. "We well understand VW (GB)'s wish to *give the customer a wider* choice. Indeed, we approve of it."

At present Devon Conversions builds three caravan models on the Volkswagen chassis. These are the Moonraker and Sundowner on the one-ton VW Kombi and van, and the Royalty on the VW "new generation" 30 cwt LT truck. They also build buses on the VW van and the LT chassis.

Another consideration from Devon's point of view has been the price of the VW range, which it believes to be too near *the top end of the market* and it sees the chance to diversify into cheaper products.

The motor caravan market as a whole remains difficult to judge in that figures provided by the Society of Motor Manufacturers and Traders are dependent upon the industry providing up-to-date information and it is thought that many conversions go unregistered.

However, SMMT figures for last year showed that Ford held *the top position in the market* with 22 per cent (900 units) Bedford 18 per cent (734 units), Fiat 17 per cent (679 units), Volkswagen 15 per cent (623 units and BL 12 per cent with 476 units.

The more optimistic producers believe that by 1981 the market could rise to around 8,000 units a year, but given that demand is highly sensitive to fuel prices (which are far *from predictable*), *no one* is betting heavily on such an outcome.

Some converters such as Devon are continuing to do good export business, particularly to other European countries in the belief that the quality of British conversion work is a favourable factor.

At present the emphasis seems to be in the middle range with some manufacturers intent on hedging their bets by offering as wide a range as possible.

Lorne Barling

European collaboration

THE EUROPEAN market for vans and light trucks amounts to well over 1m units a year. It is therefore a significant sector which no manufacturer of either cars or trucks can afford to ignore if he wants a complete range. But at the same time, the spread of demand varies enormously from country to country, so that it is only recently that producers have been able to begin designing vehicles which reflect a common demand throughout the region.

Even today, there are some odd anomalies in the situation. In Germany, for example, there is not a significant light car-derived van market at present, customers apparently preferring to buy the special, purpose-built products. In 1977 sales in the light class amounted to only about 6,000 units, against virtually 107,000 in the medium range, and 70,000 for heavy-weight vehicles.

Conversely, France has traditionally had very large-scale sales of car-derived vehicles. Last year, three types of products accounted for virtually half the market, notching up 136,000 sales against 111,000 in the medium sector and 50,000 in heavies. To some degree, the UK follows France's pattern: these two countries represent the two largest commercial vehicle markets in Europe, and Britain too has large sales of lighter weight vehicles. Italy is more analagous to Germany: out of sales of about 120,000 commercial vehicles last year, virtually 70 per cent of the Italian total was in the medium van sector.

EUROPEAN LIGHT COMMERCIAL VEHICLE MARKET, 1977

	Light-weights (units)	Medium-weights (units)	Total market, including heavy-weights (units)
UK	72,430	84,416	225,222
France	136,000	111,000	298,000
Germany	5,900	106,800	183,200
Italy	8,100	73,800	119,500

As these figures show, the one common feature of all these markets is the strong position of the medium weight vans. In Italy, the smallest market, they account for more than 70,000 units a year, and in all the other leading countries they regularly sell at a rate of more than 100,000 vehicles a year.

The steadiness of sales in this sector is clearly a significant factor behind the product development programmes which have been directed at it during the last few years. Only the French producers at present stand outside the mainstream of developments in this area, and, following the amalagamation of Saviem and Berliet, along with Saviem's link-up with Fiat in the new Sofim diesel engine plant in South Italy, it is unlikely that the French industry will stay on the sidelines for much longer.

The main protagonists remain the British and German producers, but Fiat, through IVECO, the pan-European company which owns Unic in France and Magirus Deutz in Germany, has also entered the field in the last few months. The new "S" Series van, called the Fiat Daily and the OM Grinta, were launched in April with a production rate of about 40,000 units a year. Like most other European vehicles in the class, they will have both petrol and diesel engines, and be aimed at the international market.

Emphasis

Competitors believe that the Fiat vehicle, styled with the squared-off lines which are typical of the industry today, will prove a tough competitor. A great deal of emphasis has been placed on drive conditions and cab comfort, both factors which are playing an increasingly important part in the industry. The other significant characteristic of the Fiat vehicle lies in the weight range which it covers, starting at around 2.5 tonnes gross vehicle weight, and extending up to 4.5 tonnes. This means that it extends on both sides of the all important 3.5 tonnes point which in both the UK and Germany market marks a significant position in taxation ratings.

The IVECO approach is similar to that recently followed by Volkswagen, which designed the LT truck, launched about two years ago, to span a wide weight range. VW has already announced that it is having talks with MAN, another German commercial vehicle manufacturer, on a collaborative venture in a new light truck, and the outcome is likely to be a vehicle moving up from the 3.5 tonnes point, but using the current LT cab and MAN mechanicals. In this way other manufacturers will be able to tackle the light truck area at a reduced cost.

By contrast, Mercedes, the only other significant West German manufacturer of light commercials, has approached the market in a more traditional manner. Its new small van, made at the Bremen plant, is rated at between 2.5 and 3.5 tonnes gvw, while the company relies on its older Dusseldorf range, facelifted about a year ago, to cover the 3.5 to 6.5 tonnes sector.

The new Bremen vehicle marks Mercedes' first fully co-ordinated attempt to tackle the light market. Its previous van, inherited from Hanomag-Henschell, which it took over in the mid-1960's, had front-wheel drive and was not reckoned to be ideal from a driver's point of view. Now Mercedes has returned to a more traditional lay-out, with a front engine driving the rear wheels, and an all-out attempt to make the vehicle more appealing to drivers. It intends to make about 40,000 of the Bremen vans a year.

With both the Bremen and the Dusseldorf ranges, Mercedes makes considerable use of car components, illustrating one of the ways in which European producers minimise their costs in this light commercial area. Mercedes has an additional strength because of its wide range of diesel engines already used extensively in its cars. These provide the power units for all of the Bremen range and the lighter Dusseldorf products.

In the longer term, Mercedes will probably introduce petrol engines as well to give a wider choice to its customers. At present only about a third of the market in European light trucks is reckoned to be diesel, so there is scope for petrol engine variations. Nevertheless, the diesel represents a strong and growing sector which other manufacturers, being without Mercedes' resources in this area, are having to make special efforts to tackle.

The growth in diesel sales led Volkswagen to negotiate a special deal with Perkins, the UK-based company owned by Massey-Ferguson of Canada, to establish an assembly plant in Germany specially to supply units for the LT range.

Similarly, IVECO has launched its new S range with diesel options made available following the completion of its new diesel-engine plant in South Italy. And all the British companies in this field—Ford, Bedford and BL—have found that their diesel variants have given them added strength in tackling Continental markets, particularly Italy and France where there is such a favourable differential for diesel fuel.

Another significant trend in the European market in the last few years has been towards joint manufacturing enterprises in this sector. One example is the joint Fiat Alfa Romeo Saviem diesel engine plant, another the VW/MAN collaboration. But this pattern is now being repeated in the more specialised field of cross-country vehicles.

One good example of this is the new Matra-Simca Rancho vehicle, produced by fitting a fibre glass body designed by Matra, the French aerospace company, onto Simca mechanicals. Another is the link between Mercedes and Steyr-Daimler-Puch of Austria to build a Land-Rover type vehicle at the Steyr plants; and another is the negotiations between Renault and American Motors which are expected to lead to the French company establishing rights to sell the Jeep range made by AM in certain parts of the world. All of these deals mean sharing costs and expertise to enable producers to tackle important sectors of the market without too much additional cost.

Lower down the market, the bare bones of an even more intriguing collaboration has recently been announced by Fiat and Peugeot/Citroen, the French group. The two companies are coming together to build a plant in a 50/50 partnership in southern Italy which will make a light van right at the bottom weight range in this sector. An output of about 80,000 units a year has been suggested, so this will be a major venture. But there has been very little additional information.

Development

In essence, this development seems to represent an extension of the former and ill-fated collaboration between Fiat and Citroen in both the car and commercial vehicle sectors. Now the two companies are coming together to make a vehicle to compete not only throughout Europe, but also in one of the most idiosyncratic sectors of the French market. This in itself indicates how far integration has now gone in Europe. In the light commercial vehicle sector at least, all the forecasts of the value of cross-frontier collaborations, which has been so long in coming about, at last seem to be coming to fruition.

T.D.

Expansion in diesels

DIESEL PENETRATION into the gvw commercial vehicle sector, including car-derived vans of up to 4 tons, has been making substantial progress throughout Europe. In the reaction to the fuel crisis of the autumn of 1973 and stimulated by other factors, like the growing severity of environmental legislation, installation of diesel engines about doubled between 1975 and 1976 in the four major countries of Italy, West Germany the UK and France. Progress has been particularly noticeable in Italy recently.

The use of diesel engines in commercial vehicles extends from zero, or near it in the lightest car-derived vans, to 100 per cent in heavy trucks. One of the reasons for installing them at the bottom end of the scale is that they are around 25 per cent more efficient than equivalent petrol engines, and up to 40 per cent more so in urban driving because diesels are so much more efficient under part-load. There are other factors, like mileage, type of application (perhaps between construction work and town delivery), reliability and whether they fit into a fleet.

One of the most crucial factors is the price differential between diesel and petrol fuels, because quite obviously it vitally affect the economics of switching to diesel. An international comparison, carried out last summer, discloses wide variations, even between neighbouring countries. In calculating the advantages (or otherwise) in fuel cost savings, one has also to be aware that in some countries a lowish diesel tax is compensated by for an additional tax on the engine. The study, for instance, revealed that commercial vehicles in Scandinavia and passenger cars in Italy are subject to a higher vehicle tax.

In the UK there is the anomaly that while the Liberals forced the Government to take off the proposed tax increase on petrol, it has remained on diesel, which is now several pence more a gallon. Diesel fuel in the UK is now third dearest in Europe, though UK petrol is the cheapest.

The differential is widest in Italy, where diesel is only a third of the cost of petrol and where the advantages of switching to diesel look most attractive. Other countries in a similar situation are Greece, Portugal, Korea, Norway, and Brazil.

Diesel engines also have something of a fashion appeal about them, perhaps strongest in Germany, where Mercedes-Benz makes a high proportion of diesel vehicles and where Volkswagen has had a big success with the LT van, currently powered by a Perkins Engines diesel, and VWs own dieselised version of the 1600 cc Golf petrol engine. In the UK British Leyland has had difficulty in keeping up with demand for the Sherpa van, one in five of which are powered by a 50 h.p. 1798 cc engine made at Coventry, and which is the diesel version of the petrol engine. It also makes, in appreciably larger volume, the bigger 70 h.p. diesel which powers the Austin taxi and has been taken over by the bus and truck division for use in trucks and van derivatives.

The biggest investment by a UK car/truck maker has been by Ford in the York engines which, among other applications, powers the Transit series and the Dorset, for the "D" series. The company is half-way through an £18m programme on the Dorset and is spending another £2.8m on the York. Both programmes are resulting in appreciably increased production. The York was intended to power the Granada saloon as an option but was too heavy and Ford has turned to Peugeot instead. This invites speculation about a more formal tie-up in the future or the alternative of a smaller Ford diesel. Perkins Engines at Peterborough, the world's largest diesel engine manufacturer, has seen penetration in the light vehicle market almost double from 17 per cent to 32 per cent since 1973 and while the slack state of the economy—and especially the steep fall in tractor demand—has caused it to modify forecasts of world demand for diesels downwards, it still stands high at around 8 per cent per annum growth.

While strong progress is being made in dieselising vans and light trucks, it needs strong nerves and a huge investment to bring a new plant to the starting line. Whether diesels can compete effectively with petrol engines depends quite crucially on volume and to achieve this the European motor industry is thinking more and more in terms of partnership projects, such as that which brought the Fiat/Alfa/Saviem plant into being earlier in the year. This has a designed capacity for 240,000 units a year, with perhaps 20,000-30,000 going into Fiat 131 and 132s as an option and the new Fiat contender in the Transit market. Others may go into a new light van Peugeot/Citroen is said to be contemplating. This consortium, known as the Society of French and Italian Manufacturers (SOFIM) is not the first, though it is the most significant.

While the diesel engine is making promising progress, petrol engine technology is not exactly standing still, and it is not going to be easy for diesel engine makers to cling to their advantages. To bring the price into a more competitive relationship diesels need to be made in very high volume, which in turn means a competitively-designed engine with comparable performance. Perkins Engines is putting a lot of emphasis into studying ways of designing a low-cost engine in smallish volumes (its output at Peterborough of 200,000 or so a year compares with around 1m by Ford U.S.). The company anticipates that for the future (and exemplified by the Golf diesel) the dieselised petrol engine will have a sharp impact at the bottom of the range. The research and development department is convinced that direct injection high-speed diesels turning at up to 5,000 rpm and which would give around a 25 per cent improvement in economy, are a strong possibility, though a lot of work still remains to be done on combustion.

Significantly, direct injection is also being taken up by Fiat at Turin with finance from the Government and specialist help from various Italian research institutions.

Peter Cartwright

DIESEL PENETRATION IN VEHICLES UP TO 4 TONS GVW (INC. CAR DERIVED VANS) IN 000s

	1975 Diesel	1975 Total	1976 Diesel	1976 Total	1977 Diesel	1977 Total
GB	48.2	231.5	60.3	257.7	67.9	269.3
West Germany	21.8	167.3	41.0	240.9	41.1	195.0
France	49.4	255.7	63.6	357.5	64.1	355.7
Italy	16.5	55.1	16.7	67.5	25.5	84.1
Total	135.9	709.6	181.6	887.6	198.6	904.1

Dow recovers 3.8 in active early trading

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—107¾% (108¾%)

Effective $1.8950—51¼% (51%)

A BETTER trend developed on Wall Street yesterday morning in sharply increased activity, with the market recouping part of Tuesday's setback.

The Dow Jones Industrial Average, after the previous day's retreat of 10 points, picked up 3.81 to 832.81 at 1 pm. The NYSE All Common Index regained 30 cents to $54.75, while advances held a two-to-one ratio lead over declines. Trading volume expanded to 20.44m shares from Tuesday's 1 pm level of 15.18m.

Closing prices and market reports were not available for this edition.

Most of the interest centred in stocks of companies reporting improved earnings for the second quarter of the year.

Airlines, responding to bullish corporate earnings statements, attracted special interest. American Airlines put on ⅜ to $14¼. **Trans World Airlines** ⅞ to $21½ and UAL ⅞ to $33⅞.

Du Pont edged up ⅛ to $114⅛ following sharply higher profits for the second quarter but a prediction of slower growth in the second half of the year.

Eastman Kodak, which is expected to report quarterly results later in the day, added 1¼ at $56⅜.

Motors and Steels scored fractional gains.

Avco gained 1½ to $28⅜ and **Ashland Oil** $1 to $35¼.

Inland Container, however fell 1½ to $31½—a tender for 2m shares by Time Incorporated at $35 a share has expired.

THE AMERICAN SE Market Value Index recouped 0.45 to 150.62 at 1 p.m. Volume came to 2.12m shares, slightly above the previous day's 1 p.m. figure of 2.03m.

Houston Oil and Minerals added ¼ to $22. Also fractionally higher and among the most active issues were **McCulloch Oil, Ozark Airlines and Alaska Airlines.**

Germany

Further widespread gains occurred in another lively trade and, despite late profit-taking which left many issues below the day's best, the Commerzbank index closed 7.7 higher at 808.2.

Virtually all sectors moved ahead, and dealings were especially heavy in Motors, where **Daimler-Benz** rose DM 7 and **BMW** DM 3, although **Volkswagen** fell victim to profit-taking and finished a net DM 1.50 easier.

Among Engineerings, **Mannesmann** advanced DM 3.80 and **Linde** DM 3. **Hapag Lloyd** gained DM 4 and **Krupp** DM 3.30, while **Karstadt**, in Stores, put on DM 1.70.

Public Authority Bonds continued to weaken, however, recording fresh falls ranging to 50 pfennigs. The Regulating Authorities bought a nominal DM 175m of stock (DM 93.7m). Marks Foreign Loans were also lower.

Tokyo

Stocks closed firmer for choice following an active business. The Nikkei-Dow Jones Average edged up 4.48 to 5,640.63, while volume reached 340m shares (280m).

Brokers said government finance programme-related issues, such as Construction shares, were bought on Press reports that the Government may form a larger supplementary budget in order to achieve the 7 per cent national economic growth target in the current fiscal year.

On the other hand, export-related stocks, like Light Electricals, sustained losses, adversely affected by the yen's rise on the Tokyo foreign exchange market yesterday.

Maeda Construction gained Y17 to Y755 and **Okumura-Gumi** Y13 to Y631, but **Matsushita Electric Industrial** lost Y7 to Y735 and **TDK Electronics** Y30 to Y2,260.

Truck Manufacturers gained ground on expectations that China will increase truck imports from Japan, while some Chemicals rose in anticipation of better business results.

SS Pharmaceutical moved ahead Y37 to Y660, **Kyushu Denki Koji** Y56 to Y610, **Meito Sangyo** Y32 to Y855, **Nichireki Chemical** Y42 to Y715, **Kaken Chemical** Y10 to Y1,870, **Seino Transportation**, also Y10 to Y1,370, **Tikyo Keiki** Y39 to Y369 and **Asahi Organic Chemicals** Y38 to Y368.

In contrast, **Matsushita Kotobuki** lost Y50 to Y2,050, **Victor of Japan** also Y50 to Y1,350, **Sankyo Seiki** Y42 to Y371, **Nippon Cheminhar** Y40 to Y1,200, **Nissin Food Products** Y30 to Y1,190 and **Kanto Bank** also Y30 to Y1,700.

Paris

Market was mainly easier in thin trading as the Bourse entered a consolidation phase ahead of the end of the accounting month following recent buoyancy.

Partly sapping investor confidence was the publication of three economic surveys on Tuesday, all indicating a slowdown in the growth of French industrial production in the second half of this year.

Banks, Portfolios, Motors and Oils, however, were looking firmer at the close. Electricals, Metals and Stores sustained the worst losses.

Significantly lower at the end of the session were **BSN, Bouygues, Borel, Hachette, CEM, Chiers** and **PUK**, but **Midi, Club Mediter, Thomson-CSF, Pompey, CFR, Mobel-Bozel** and **Dollfus-Mieg** were bright spots.

Canada

After an easier opening, stocks were inclined to improve to leave markets firmer for choice at mid-session yesterday after further active trading.

The Toronto Composite Index was 0.9 harder at 1,167.1 at noon, while gains on the Toronto exchange outnumbered losses by 161 to 129.

Oils and Gas put on 1.8 to 1,514.9 on index, while Papers added 0.48 at 120.24, but Golds lost 3.7 to 1,429.6 and Banks 0.14 to 281.81.

British American Bank Note advanced 1½ to C$29½ and **Canadian Industries** rose ⅜ to C$21, while **Nowsco Well Service**, C$43, and **Northern Telecom**, C$33½, gained ⅜ apiece.

Travelways, which reported sharply higher first-half earnings, were up ¼ at C$11⅜, but **Kaiser Resources** shed ⅜ to C$14⅞ on lower second-quarter net profits.

Asbestos Corporation fell 1½ to C$43⅜ and **Ateo "A"** lost ⅞ to C$12¼, while **Newfoundland Light "A,"** C$16¼, and **Noranda "A,"** C$29½, each declined ⅜.

Hong Kong

Profit-taking abated yesterday and the market picked up on local interest in fairly quiet trading. The Hang Seng index improved 7.66 to 556.97.

Swire Pacific rose 25 cents to HK$8.75, **Hutchison Whampoa** 15 cents to HK$6.25 and **Wheelock** 7.5 cents to HK$3.175, while **Hong Kong Land** were unchanged at HK$10.

Outside the leaders, **Hong Kong Wharf** advanced 60 cents to HK$23.80, **Hong Kong Telephone** 50 cents to HK$33.50, **China Light** 30 cents to HK$25.70 and **Hong Kong Electric** 15 cents to HK$6.20, but **Hong Kong Hotels** shed 10 cents to HK$14.90.

Australia

Markets were again irregular.

In the Uranium sector, **Pancontinental** receded 50 cents to A$14.40 and **Queensland Mines** 5 cents to A$2.50.

Elsewhere in Minings, **Coal and Allied** shed 5 cents to A$4.60, following the previous day's 15 cents advance on its Japanese steaming coal contracts.

Hamsersley retreated 15 cents to A$2.20 and **Otter Exploration** 3 cents to 37 cents, but **Comalco** put on 3 cents to A$3.12 and **White Industries** 3 cents to A$2.18.

CSR were a shade easier at A$2.99 despite news that its Buchanan Borehole Collieries subsidiary has obtained a contract with Kyushu, of Japan.

BHP eased afresh initially to A$7.38, but was rescued in the closing minutes by a round of brisk buying, probably on Overseas account, and finished a net 3 cents harder at A$7.43—the rally was interpreted in some quarters as an indication that London was re-entering the market in the wake of the Bonn summit.

With tobacco and beer almost certain to be hit hard in the August budget, stocks like **Philip Morris, Tooth, Carlton United Breweries** and **Rothmans** came under some selling pressure, while other groups trending lower were Banks and Retailers. Insurances, however, were firm, aided by some good earnings reports from the industry.

Johannesburg

Gold shares were firmer-inclined, sentiment helped by the higher bullion price, the U.S. gold auction results and quarterly producer results.

Diamond issue **De Beers** ended a net 3 cents up at R7.15, after an initial reaction to R7.10.

Copper stocks were occasionally weaker in a quiet trade, while Platinums were narrowly mixed. Antimony share **Consolidated Murchison** shed 30 cents to R4.05 following the quarterly results.

Switzerland

Prices were narrowly mixed, with losses slightly in the majority.

In Chemicals, **Ciba-Geigy Bearer** receded 15 to SwFr 1,105 and the Non-voting 10 to SwFr 820, while **Sandoz** Non-voting declined 15 to SwFr 460.

Saurer Bearer reacted 10 to SwFr 965 on profit-taking after a slightly firmer opening—the company issued a denial to take-over rumours but said it would welcome a minority participation.

Milan

Market took a decisive turn for the better in fairly active dealings at the start of the new Account.

Fiat recovered 20 to L1,741, while **Finsider** added 8.75 at L135.75, **Montedison** 9 at L154 and **Snia Viscosa** 20 at L735.

Brussels

Shares displayed a bias to lower levels in slow trading.

Among Steels, **Cockerill** lost 8 to BFr 442, while Non-Ferrous Metals **Asturienne** shed 10 to BFr 586. **Intercom** slipped 10 to BFr 1,759 in Utilities. Chemicals had **Tessenderloo** down 6 at BFr 730, while in Oils, **Petrofina** receded 45 to BFr 3,730. **Societe Generale** gave up 25 to BFr 1,920 in Holdings issues.

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hambros Bank	10 %
Allied Irish Banks Ltd.	10 %	■ Hill Samuel	§10 %
American Express Bk.	10 %	C. Hoare & Co.	†10 %
Amro Bank	10 %	Julian S. Hodge	11 %
A P Bank Ltd.	10 %	Hongkong & Shanghai	10 %
Henry Ansbacher	10 %	Industrial Bk. of Scot.	10 %
Banco de Bilbao	10 %	Keyser Ullmann	10 %
Bank of Credit & Cmce.	10 %	Knowsley & Co. Ltd.	12 %
Bank of Cyprus	10 %	Lloyds Bank	10 %
Bank of N.S.W.	10 %	London Mercantile	10 %
Banque Belge Ltd.	10 %	Edward Manson & Co.	11½%
Banque du Rhone	10½%	Midland Bank	10 %
Barclays Bank	10 %	■ Samuel Montagu	10 %
Barnett Christie Ltd.	11 %	■ Morgan Grenfell	10 %
Bremar Holdings Ltd.	11 %	National Westminster	10 %
Brit. Bank of Mid. East	10 %	Norwich General Trust	10 %
■ Brown Shipley	10 %	P. S. Refson & Co.	10 %
Canada Perm't. Trust	10 %	Rossminster Ltd.	10 %
Capitol C & C Fin. Ltd.	10 %	Royal Bk. Canada Trust	10 %
Cayzer Ltd.	10 %	Schlesinger Limited	10 %
Cedar Holdings	10½%	E. S. Schwab	11½%
■ Charterhouse Japhet	10 %	Security Trust Co. Ltd.	11 %
Choulartons	10 %	Shenley Trust	11 %
C. E. Coates	11 %	Standard Chartered	10 %
Consolidated Credits	10 %	Trade Dev. Bank	10 %
Co-operative Bank	*10 %	Trustee Savings Bank	10 %
Corinthian Securities	10 %	Twentieth Century Bk.	11 %
Credit Lyonnais	10 %	United Bank of Kuwait	10 %
The Cyprus Popular Bk.	10 %	Whiteaway Laidlaw	10½%
Duncan Lawrie	10 %	Williams & Glyn's	10 %
Eagil Trust	10 %	Yorkshire Bank	10 %
English Transcont.	11 %		
First Nat. Fin. Corpn.	12 %		
First Nat. Secs. Ltd.	12 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7½%, and over £25,000 7¾%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7%.

EUROPEAN OPTIONS EXCHANGE

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♦ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs; including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‖ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ∆ Interim since increased.

† Bid. ‡ Asked. § Traded. ¶ New stock.

FARMING AND RAW MATERIALS

U.S. urged to increase food aid

WASHINGTON, July 19.

AT LEAST 7m tonnes of food could be exported annually during the next four years by the United States under the PL-480 "Food for Peace" programme under a Bill introduced by 18 Senators.

All that is specified in existing law for shipment of 1.6m tonnes of food commodities and products, under the programme's provisions for donations.

Senator Robert Dole (Republican, Kansas), the chief sponsor, said the measure was needed because amounts presently programmed were inadequate.

Food for Peace would export only about 4m tonnes in the current year, he said. "This quantity will not adequately meet the food assistance needs of about 30 developing nations."

The Bill is intended to meet more adequately the food requirements of undernourished people in the developing countries and increase export outlets for American farmers.

The minimum requirement might be waived only if export supplies were not available or if the developing countries did not need the full amount. Sponsors include many members of the Agriculture Committee.

Reutor

New upsurge in London cocoa futures prices

BY RICHARD MOONEY

WORRY OVER West African cocoa crop proposals and reports that some producers were running short are believed to be behind yesterday's sharp price rise in London futures. September gained £61.50 to £1,789 a tonne, the highest level for a fortnight.

Heavy rain is believed to have damaged good early flowering, particularly in Ghana, reducing output potential for the 1978-79 main crops.

The wet weather threatens pod-setting and low temperature might encourage "cherelle wilt."

A modest initial rise was attributed to follow-through from an overnight advance in New York.

In the thin market conditions the increase quickly accelerated, helped by stop-loss and chartist buying. Dealers said offerings from producer countries tended to be reduced as prices rose.

Coffee prices also ended the day higher after recovering from an early decline. The September futures position slipped to £1,208 a tonne but by the close was £1,236, up £9 on the day.

Dealers said the recent decline, largely based on receding fears of damaging Brazilian frost, may have been exaggerated.

A slight fall in overnight temperatures in the main Brazilian coffee state of Parana was partly responsible for yesterday's steadier tone.

In Rio de Janeiro meanwhile one of Brazil's leading coffee trade bodies called on the Government to alter its coffee support price and financing structure to increase confidence in the coffee market, Reuter reports.

In suggestions to the Ministers of Industry and Commerce, and Finance, the Rio Coffee Trade Centre requested staggered increases in the support price to keep pace with rising costs and inflation, instead of a fixed support price for the whole season.

The centre called for a return to coffee marketing finance based on 80 per cent of the support price, as in the past, instead of 50 per cent.

In a request for special exporter financing, the centre said that with the statistical position in Brazil tight, this is not the time for the Brazilian Coffee Institute (IBC) to be buying coffee.

The centre suggested, therefore, that exporters should be given credit facilities to build up a stock of two to three months' supplies based on previous export performance.

Other trade sources added, while agreeing with the tone of the Centre's suggestions, that they saw difficulties in fitting such changes into Brazil's anti-inflation policy.

Sharp drop in India's tea exports

By Our Own Correspondent

CALCUTTA, July 19.

THERE HAS been a sharp fall in Indian tea exports during the first half of 1978 compared with the same period in the previous year judging from the export licences issued by the Tea Board.

The licences show that India exported only 35m kilos in the first half of this year as against 47m kilos in the same period of 1977.

To show how uncompetitive Indian tea has become in the world market the Indian Tea Association has worked out its landed cost at London in comparison with its competitors.

According to these figures the landed cost at the moment is 132.26p a kilo, for Sri Lanka it is 90.03p, for Kenya it is 73.68p, for Bangladesh 57.28p and for Malawi 58.6p.

Against this the average tea price in London is ruling at around 120p which, it is stressed, is definitely hampering India's exports.

Abolition of tea export duty has already become overdue, the tea association claims.

PLANT BREEDING

Substitutes sought for maize and soya

BY ROBIN REEVES, WELSH CORRESPONDENT

FIELD BEANS and "naked oats" could stage a major comeback—as a substitute for imported maize and soyabeans—if research now in hand at the Welsh Plant Breeding Station, Aberystwyth, fulfils its early promise.

Both oats and field beans have fallen out of favour in recent years among farmers and animal feed compounders alike, as a result of competition from continuous barley growing, yield unreliability and availability of ample, cheap supplies of maize and soyabeans from the U.S.

But breeders at the station are hopeful that their research programmes will put the two crops back on the map, not only in the UK, but also in other countries of the Common Market where there is a strong political and economic desire to reduce the EEC's heavy dependence on imported American feedgrains for intensive livestock production.

A few varieties of the "naked" or huskless oat have been developed already on the Continent. But so far the lack of husk is not uniform, the grain is liable to be damaged during threshing, and the yield is not high enough to justify commercial production.

The aim of the work is to breed new, higher-yielding varieties of oats which will have husks which thresh out easily in the combine harvester.

This research, which is being backed by the Home-Grown Cereals Authority, is still at the feasibility stage. But given the relative neglect of oats by plant breeders, the station is confident it can come up with new varieties which will be comparable in protein and energy content, and yield reliability with maize.

At present, the UK acreage of oats is running at less than 500,000 acres, though there are signs that a recovery may be in the offing. The removal of the lime subsidy has made it less attractive for farmers to grow barley on soils which are deficient in lime and have associated disease problems. And higher yielding, more disease resistant oats, such as Pennal, the recently released WPBS-bred variety, are now available.

Field beans have long been regarded as offering the biggest yield potential for widespread legume cultivation in Northern Europe and as a valuable break crop in cereal.

But in practice the crop has proved disappointing because it relies on bees for cross pollination and in poor summers when the bees are less active yields go down. Indeed, the yield can vary between one and six tonnes a hectare.

The station is trying to overcome the problem by breeding a self-fertilising bean, using a self-fertile variety from India on a plant which also produces more beans and less foliage.

The work has already resulted in a new field bean variety Dacre, which is on the national recommended list of 1977-78, but it is not yet fully self-fertile.

More breeding also needs to be done to produce a field bean with much-improved protein content. At present, winter varieties are yielding around 24 per cent protein and spring varieties 26 to 29 per cent. But the programme is beginning to push the protein content towards 32 per cent.

If they can breed a variety which will produce consistent crops the researchers have high hopes that the field bean will begin to look like a viable substitute for Europe's massive import of soyabeans for animal feed compounding.

Rain boosts world cereal prospects

WASHINGTON, July 19.

CROP SOWING in most Indian states has been aided by monsoon rains and a normal autumn harvest is forecast on the sub-continent, the U.S. Agriculture Department said here.

In its weekly world weather and crop summary the department said rainfall from June 1 was normal or above average in areas which accounted for 89 per cent of autumn-harvested cereal production in 1977.

Planting of Australian winter grains was virtually complete in Queensland and Victoria but continued in parts of New South Wales, where excessive rain had slowed sowing.

Parts of Western Australia, however, needed rain to alleviate serious moisture deficiencies, the department added.

Wet, cool weather prevailed over much of Western Europe to mid-July and crop development in general was significantly below normal. However, in the northern half of Eastern Europe moisture was below normal and non-irrigated crops and pastures required rain.

Metal limit threatens pig profits

BY CHRISTOPHER PARKES

PROFITS BY British feed makers are threatened by an EEC directive on metal additives, the industry's association says.

The United Kingdom Agricultural Supply Trade Association (UKASTA) says that the directive, that too much metal is fed to stock in Britain, will harm the common British husbandry practice of adding copper to pig rations, which adds at least £2.72 to the profit on a bacon pig.

The UK and most other EEC members are being allowed to add up to 200 mg of copper to a kilo of feed. That is to drop to the regulation 125 mg at the end of this year.

The profits from adding the extra copper were shown in a survey by UKASTA, which hopes for a permanent waiver of EEC regulations.

UKASTA said only the Belgians, Danes and Italians had failed to take up the option to use 200 mg of copper.

Copper in feed leads to a build-up of toxic metal in the soil and rivers where pig slurry is deposited.

Professor Peter Wilson of BOCM-Silcock, UKASTA's scientific spokesman, said: "Fears, at present unproven, about possible environmental hazards associated with the spreading of slurry from pigs fed on copper-supplemented diets, must not be allowed to deny pig producers in other member states continued use of this additive.

"This would be a classic case of harmonisation for harmonisation's sake."

UKASTA commented that the Belgians limited copper use because they had little free land for slurry spreading and the pig industry was concentrated in one area.

The Danes were sensitive to potential threats to the environment and the Italians objected apparently because spraying vineyards with copper-based chemicals such as bordeaux mixture had produced a heavy concentration of copper in many areas.

In Britain, however, the use of relatively high levels of copper in feed has been common for 20 years.

UKASTA specialists said the only toxic effects noted were when young lambs ate grass that had recently been sprayed with pig slurry. The lambs died.

The feed makers hope the results of their survey will convince the EEC Commission that the limit on copper additive should be raised to 200mg permanently when the existing waiver expires.

They note that the discussions on its finding may not be finished by the end of the year and in that case the waiver should be extended pending a final judgment.

Japan to buy less nickel

TOKYO, July 19.

JAPANESE NICKEL smelters have agreed to buy 1.5m tonnes of nickel concentrates from New Caledonia in the year to next March compared with 2.26m tonnes a year earlier, Nippon Mining Company said here, reports Reuter.

The agreement follows recent negotiations held in Noumea, between a Japanese mission and New Caledonian Nickel Shippers. Prices for shipments in the July-September quarter were fixed at 109.4 U.S. cents per kilo of nickel content cif Japan, 10.72 cents down on the previous quarter's rates, the Company said.

It noted that this year's import cut reflected the slump in the Japanese nickel market, and the price cut the decline in world nickel producer prices.

The other nickel smelters include Sumitomo Metal Smelting and Shimura-Kako Company.

Chinese rice threatened by drought

HONG KONG, July 19.

DROUGHT AND a heatwave are threatening the early rice crop in Chekiang Province in eastern China, according to Radio Peking reports Reuter.

More than 7,000 local officials in Chekiang have left for the countryside to direct an anti-drought operation called by the provincial Party committee, while aircraft have been sent from Shanghai in neighbouring Kiangsu Province to seed clouds with crystals and induce rain. There has been some success in the rain-making operations, Peking Radio added.

UK maize imports down

UK IMPORTS of maize, excluding seed, fell to 263,354 tonnes last month from 384,311 in May and 318,853 tonnes in June last year, reports Reuter.

Customs and Excise figures show total imports so far this year are 1,846,024 tonnes — well below the 2,153,579 tonnes in January-June last year.

Main countries of origin were the EEC with 61,176 tonnes, the U.S. with 139,634, Canada with 28,999, and South Africa with 23,311 tonnes.

Copper leads metals slide

BY OUR COMMODITIES STAFF

BASE METAL prices sagged in busy trading on the London Metal Exchange yesterday. Only zinc withstood the general downward pressure, prices holding steady thanks to what dealers called "influential buying" during the afternoon.

Copper led the decline with cash wirebars slipping £11.25 to £693 a tonne. Three months metal fell £11.5 to £714.25.

Copper prices have now lost more or less all of last week's heavy gains. Amalgamated Metal Trading warned at the weekend that it felt the rise was "unsoundly based" and forecast a "sharp setback."

And traders were reported to be taking a far less optimistic view of world economic prospects than in recent weeks.

The tin market, too, also declined again influenced mainly by the drop in copper and supported only briefly during the morning by the SM6 rise in Penang overnight. U.S. selling in the afternoon accelerated the fall in prices.

Three months standard tin lost £67.5 a tonne, closing at £6,437.50 and cash metal slipped £75 to £6,495 a tonne.

Cash lead closed £3.50 lower and three months lost £4.50 to end the day at £308.75 a tonne. Again the main influence was the decline in copper.

Three months zinc closed £1 up at £313.25 a tonne, close to the day's high.

Reuter reported from New York that the Newmont Mining Corporation's subsidiary Idarado Mining Co. would suspend operations at its lead, zinc and copper mine near Ouray, Colorado, by September 30.

The mine will be put into an "indefinite care and maintenance status," the company said.

Mining had been suspended because of continued low prices, and the high cost of treating ore concentrates.

Since late 1975, in an effort to keep the mine open, mine developments and production levels have been cut back, the firm said.

● In Australia Mount Isa Holdings raised its price for copper wirebars to $A1,160 per tonne cif main Australian ports from $A1,140, effective July 20.

The Electrolytic Refining and Smelting Co of Australia quickly followed suit.

Indian tea sales decline

By Our Own Correspondent

CALCUTTA, July 19.

SOME 60 per cent of teas offered for auction in Calcutta at Monday's auction remained unsold because of inadequate bids according to the Tea Association of India. Tea prices at all Indian auctions have been falling steadily since mid-May because of over-stocking in London.

Tea exports during April and May fell to 16m kg

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	696.5-7	—10	692.5-3.5	—11
3 months	718-.5	—9.5	714.5	—11.5
Settlem't	697	—10	—	......
Cathodes				
Cash	692.5-3.5	—10	688-90	—11.5
3 months	713.5-4.5	—9.75	709-11	—11
Settlem't	693.5	—10	......	
U.S. Smt.	...	..	*66.5-68	....

COPPER—Weaker on the London Metal Exchange after continued liquidation and stop-loss selling which emerged when forward metal was under £720. Opening levels were at £725, but the price slipped to £718, recovered to £720 and then fell away to £714. In the afternoon Comex opened weaker. The close on the Kerb after an active day's trading was £716.5. Turnover 34,575 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £696.5, three months £719, 18, 17, 16, 17, 18, 19, 18.5, 19, 20, 19.5, 19, 15.5, 15, 19.5. Kerb: Wirebars, three months £718.5, 18, 17, 17.5. Afternoon: Wirebars, three months £715.6, 16, 16.5, 16, 15.5, 16, 15.5, 15, 15.5, 15, 14. Kerb: Wirebars, three months £715.5, 16, 17, 16, 15.5.

TIN—Lower in line with the general trend but the market was quieter than the others. After a rise in the East overnight, forward metal started at £6,490 and slipped to £6,445 despite some trade buying against physical business. In the afternoon U.S. selling emerged and the price fell to £6,425 before closing on the Kerb at £6,430. Turnover 1,230 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£			
Cash	6505-10	—72.5	6490-500	—75
3 months	6460-80	—45	6445-50	—70
Settlem't	6510	—80	—	......
Standard				
Cash	6505-10	—75	6490-500	—75
3 months	6450-60	—50	6435-40	—67.5
Settlem't	6510	—75	—	......
Straits E.	$1716	+6	—	......
New York	—			

Morning: Standard, cash £6,510, three months £6,440, 50, 45, 50, 45, 50. Kerb: Standard, three months £6,550, 55, 60. Afternoon: Standard, cash £6,500, three months £6,440, 35, 40, 45, 40. Kerb: Standard, three months £6,440, 35, 30, 25, 30.

LEAD—Easier in brisk trading with the performance of copper the main influence. Chartist and stop-loss selling were prominent although there was some trade interest at the lower levels. After starting at £314, forward metal touched a low in the morning of £306 but thereafter held more steadily around £308-£309 before closing on the Kerb at £308.5. Turnover 3,825 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	300.5	—3.12	300-1	—3.5
3 months	308.5	—7.12	308.5-9	4.5
Settlem't	300.5	—6	—	......
U.S. Spot	......	......	31-33	......

Morning: Cash £300.5, 1, £300, three months £307, 8, 8.5, 7, 7.5, 8, 9, 8.5, 8, 8.5. Kerb: Three months £309, 8.5, 8. Afternoon: Cash £300, three months £308.5, 8, 7, 8, 8.5. Kerb: Three months £309, 8.5.

ZINC—Steady in comparison with other metals in the face of influential buying which found sellers reserved. Forward metal started at £309-£311 and although it slipped to £308, it later recovered and moved up to close on the Kerb at the day's high of £313.5. Turnover 1,775 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Cash	301.5	—2.5	302.5-3	+.75
3 months	311-.5	—3	313-.5	+1
S'ment	301.5	—2.5		......
Prim. West	—	......	29.31	......

Morning: Three months £308, 9, 9.5, 10, 11, 11.5, 11. Kerb: Three months £311.5, 11. Afternoon: Three months £311, 12, 12.5, 13. Kerb: Three months £313, 13.5.

* Cents per pound. † $M per picul. ‡ On previous official close.

SILVER

Silver was unchanged at yesterday's fixing in the London bullion market at 277.7p. U.S. cent equivalents of the fixing levels were: spot 532c, up 0.5c; three-month 537.6c, up 0.3c; six-month 545.4c, up 0.4c; and 12-month 570.5c, up 0.6c. The metal opened at 277.4-278.4p (525½-527½c) and closed at 276.6-277.6p (525¼-526½c).

[illegible]

LME—Turnover 149 (212) lots of 10,000 ounces. Morning: Three months 286.9, 9.5, 4.7, 4.9. Kerbs: Three months 285, 3.1. Afternoon: Three months 284, 3.9, 84.3. Kerbs: Three months 284.5, 4.5, 4.5.

COCOA

Prices increased sharply during an active-day for producers and consumers. Gill and Duffus reports.

[illegible]

International Cocoa Organisation (U.S. cents per pound)—Daily price July 18 141.80 (141.60). Indicator prices July 19 15-day average 141.21 (141.21); 22-day average 140.70 (140.3).

COFFEE

A QUIET day saw Robustas trade in a narrow range for much of the session, Drexel, Burnham, Lambert reports. Hesitant trading was interrupted only by a 20 per cent rally in late afternoon as New York contract hardened. At the close, values were 15 to 30 higher on the day after good late buying.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1295-1300	—03.5	1309-1289
September	1235-1237	+09.0	1240-1208
November	1188-1190	+22.0	1187-1145
January	1153-1155	+36.0	1155-1105
March	1110-1115	+32.5	1108-1065
May	1080-1090	+28.0	1080-1040
July	1050-1065	+20.0	1050-0989

Sales: 2,047 (3,866) lots of 5 tonnes.

ICO Indicator prices for July 18 (U.S. cents per pound): Colombian Mild Arabicas 174.00 (175.00); unwashed Arabicas 140.00 (145.00); other mild Arabicas 127.67 (129.83); *Robustas 127.50 (128.50). Daily average 127.46 (129.17).

* The ICO is now quoting two prices for Robustas. The first is used in compiling its composite daily price based on the 1976 International Agreement and employs the price of Angola Ambriz 2BB coffee. The second is used in compiling the composite daily price based on the 1966 Agreement and employs the quotation for Angola Ambriz 2AA coffee.

ARABICA COFFEE—Close: Aug. 147.00-54.00, Oct. 133.00-39.00, Dec. 127.00-33.00, Feb. 122.00-30.00, April 118.00-26.00, June 118.00-25.00, Aug. 115.00-25.00. Sales: 0 (0) lots of 17,250 kilos.

RUBBER

STEADIER opening on the London physical market. Little interest at higher level, closing barely steady. Lewis and Peat reported a Malaysian godown price of 232 (228) cents a kg (buyer, August).

No. 1 R.S.S.	Yesterday's close	Previous Close	Business done
Aug	54.00-54.10	55.95-54.25	54.50-54.00
Sept	54.20-54.85	54.40-55.20	
Oct-Dec	56.30-56.4	56.25-56.40	56.50
Jan-Mr	58.00-58.85	58.15-58.25	58.80-58.25
Apr-Jne	60.50-60.40	60.15-60.20	60.80-60.25
Jly-Sept	62.20-62.30	62.05-62.10	62.15
Oct-Dec	64.10-64.2	64.00-64.10	64.68-64.10
Jan-Mar	65.85-66.00	65.85-65.95	66.50-66.20
Apr-Jne	7.75-7.85	67.70-67.50	

Sales: 143 (293) lots of 15 tonnes and six (two) of 5 tonnes.

Physical closing prices (buyers) were: Spot 54p (53.5); August 56p (55.5); Sept. 56.25 (56.0).

SOYABEAN MEAL

The market opened £1.10 lower, reflecting overnight results in the Chicago market. Technical liquidation of near August depressed values in early dealings and the market touched new lows, where buying support emerged and prices rallied, encouraged by recovery in the Chicago markets. All the close losses ranged from £1.50 to £1.00.

[illegible]

GRAINS

LONDON FUTURES (GAFTA): Wheat opened 10p lower and initially saw good buying support, but values eased in the afternoon session due to some commercial and country selling to close unchanged to 15p lower. Barley opened 10p lower and saw good support throughout the day to close 10p higher on the day, reports Acli.

[illegible]

Barley: Sept. 79.00-78.85 Nov. 81.60-81.70, Jan. 84.85-84.45, March 87.05, May 89.90. Sales: 106

IMPORTED—Wheat: CWRS No 1 13½ per cent July-August 91.00, Tilbury. U.S. Dark Northern Spring No. 2 14 per cent August 78.75, Sept. 79.50, Oct. 81.25, transhipment East Coast sellers. U.S. Hard Winter Ordinary unquoted.

Maize: U.S. French July 102.00, August 98.5, Sept. 100.00, transhipment East Coast sellers. S. African White August 69.00 Liverpool/Glasgow. S. African Yellow August 69.00 Liverpool/Glasgow.

Barley: EEC Feed/Canadian unquoted.

Sorghum: U.S./Argentine unquoted.

Oats: Scandinavian feed unquoted.

EEC DAILY IMPORT LEVIES and premiums effective July 20, in order current levy plus Aug., Sept. and Oct. premiums with previous in brackets, all in units of account per tonne: Common wheat—93.45, 0.66, 0.66, 0.66 (92.82, rest nil); Durum wheat—139.56, rest nil (137.91, 0.16, 0.16, nil); Rye—89.52, rest nil (89.52, rest nil); Barley—86.97, 3.16, 3.16, 3.16 (85.36, rest nil); Oats—80.19, 0.66, 0.66, 0.66 (78.87, rest nil); Maize (other than hybrid for seeding)—87.72, rest nil (88.40, rest nil); Buckwheat—All nil (all nil); Millet—80.76, rest nil (80.76, rest nil); Grain sorghum—86.02, rest nil (86.02, rest nil). Flour levies: Wheat or mixed wheat and rye—143.09 (142.17); Rye—137.96 (137.96).

SUGAR

LONDON DAILY PRICE (raw sugar) £94.50 (£93.50) a tonne cif for July-Aug. shipment. White sugar daily price was fixed at £95.00 (£93.00).

The market opened £1.10 lower, reflecting overnight results in the Chicago market. Technical liquidation of near August depressed values in early dealings and the market touched new lows, where buying support emerged and prices rallied, encouraged by recovery in the Chicago markets. All the close losses ranged from £1.50 to £1.00.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug	84.35-84.50	84.05-84.15	84.35-83.50
Oct	86.15-86.20	86.05-86.95	88.50-85.50
Dec	88.35-88.40	87.95-88.00	88.65-87.50
March	94.15-94.25	93.90-94.00	94.60-93.25
May	96.75-96.80	96.75-96.80	97.00-96.25
Aug	100.60-100.85	100.85-100.4	101.00-100.00
Oct	103.95-104.00	104.00-104.40	104.75-104.00

Tate and Lyle ex-refinery price for granulated basis white sugar was £242.40 (same) a tonne for home trade and £144.50 for export.

The market appeared to lack sellers at the lower levels, and by the close prices were some 30 points above first traded levels, reports C. Czarnikow.

Sales: 1,687 (2,198) lots of 50 tonnes.

International Sugar Agreement: U.S. cents per pound fob and stowed Caribbean port July 18. Daily 6.15 (6.27); 15-day average 6.54 (6.69).

WOOL FUTURES

LONDON—The market was unchanged to higher in thin trading, Bache reports.

[illegible]

SYDNEY GREASY—(In order buyer, seller, business, sales). Micron Contract: July 333.0-333.8, 333.2-332.8, 8; Oct. 333.5-340.0, 341.0-340.0; Dec. 338.5-339.0, 340.0-338.5, 38; March 343.3-343.4; May 347.5-348.0, 348.0-347.5; July 350.5-351.0, 351.0-350.5; Oct. 352.0-353.0, 353.0-352.0; Dec. 356.0-357.0, untraded.

NEW ZEALAND CROSSBREDS: Oct. 182.0-185.0, 185.0-184.0; Dec. 182.0-185.0, 185.0-184.0; March 187.0-188.0; May 190.0-192.0; July 193.0-195.0; Oct. 196.0-198.0; Dec. 198.0-199.0.

MEAT/VEGETABLES

SMITHFIELD (Price per pound)—Beef: Scotch killed sides 54.0-58.0; Eire hindquarters 68.0-72.0, forequarters 38.0-40.0. Veal: English fats 64.0-68.0. Lamb: English small 64.0-68.0, medium 60.0-62.0, heavy 56.0-60.0; Scotch medium 56.0-60.0, heavy 50.0-56.0. Imported frozen: N.Z. PL 54.0-55.0. Pork: English under 100 lbs 37.0-44.0, 100-120 lb. 37.0-43.0, 120-160 lb 35.0-41.0.

Correction: The Central Markets Committee says the maximum quotation for English heavy lamb on the price lists for July 17 and July 18 should have read 59.0 per lb (not 64.0p).

MEAT COMMISSION—Average fatstock prices at representative markets on July 19: G.B. cattle 71.51 per kg l.w. (−0.02); UK sheep 141.8 per kg est d.c.w. (−2.1); G.B. pigs 62.5 per kg l.w. (−0.5).

England and Wales—Cattle numbers down 36.5 per cent, average price 71.46p (−0.09); Sheep down 3.2 per cent, average 142.6p (−2.1); Pigs down 3.7 per cent, average price 62.5p (−0.5).

Scotland—Cattle down 4.8 per cent, average 71.61p (−0.29); Sheep up 47.6 per cent, average price 131.5p (−1.1); Pigs up 29.2 per cent, average price 60.6p (−0.9).

MLC forecast rates of UK monetary compensatory amounts for week commencing July 24 (previous in brackets): Fresh or chilled beef carcases: 31.23p per kg (32.70); Green bacon sides: £203.90 per tonne (213.52).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—S. African: Navels 4.00-5.00; Brazilian: 4.20-5.30; Californian: 5.00-6.50. Lemons—Italian: 100-120s new crop 4.20-4.50; Spania: trays 1.60-1.80, large boxes 3.80-4.40; S. African: 4.50-5.40. Grapefruit—S. African: 27/72 3.40-4.50; Jaffa 40s 4.40. Apples—French: Golden Delicious 20 lb 84s 4.00-4.30, 72s 4.50; W. Australian: Granny Smith 8.40-8.50; Tasmanian: Sturmer Pippins 9.00-9.40, Croftons 10.40, Democrats 10.20; S. African: Granny Smith 8.40-8.60, Golden Delicious 9.60-9.90, York Imperial 9.80-10.50; Chilean: Granny Smith 7.00-7.30; New Zealand: Sturmer Pippins 163 9.20, 175 9.20, Granny Smith 8.50-8.70; Italian: Rome Beauty per pound 0.15, Golden Delicious 0.16-0.19. Pears—Victorian: 40 lb Josephines 10.50, Winter Nelis 9.50-10.00; Spanish: per pound Limonera 0.20-0.25. Peaches—Italian: 15 trays 1.80-3.50; French: 1.60-2.40. Grapes—per pound Cypriot: Cardinal 0.30-0.35, Sultana 0.30-0.35; Spanish: Cardinal 0.30. Plums—Spanish: 5 kilos Santa Rosa 1.50-3.00, Burbanks 2.00-2.60; Italian: Florentias 20 lb 3.00-3.20, Golden per pound 0.15-0.20. Apricots—Spanish: 5 kilos 3.00-3.20. Bananas—Jamaican: per pound 0.15. Avocados—Kenya: Fuerte 14/24s 2.80-3.20; S. African: Fuerte 2.80-3.20. Capsicums—Dutch: French: per 5 kilos 2.20; Italian: 2.40. Cherries—Washington: per pound 0.90. Onions—Israeli: 2.20-3.30; Spanish: 2.50-3.50; Maltese: 3.00-3.30. Potatoes—Cypriot: 4.80; Jersey: 2.00. Tomatoes—Dutch: 1.80; Guernsey: 1.80; Jersey: 1.60. Carrots—French: Nantes 26-lb boxes 2.20; Italian: 22 lb 2.00. Beetroots—Cypriot: 28 lb 1.00. Melons—Spanish: Yellow 9/15s 2.60-2.70; Canary: Ogen 6/10s 2.40. Watermelons—Spanish: 2.70; Israeli: 2.30; Greek: 2.80.

English Produce: Potatoes—per 56 lb 1.00-1.40. Lettuces—per 12 0.80, Cos 0.90. Webbs 0.90. Cucumbers—per tray 12/24s 1.40-1.70. Mushrooms—per pound 0.50-0.60. Apples—per pound Bramley's 0.12-0.22. Tomatoes—per 12 lb English 1.50-1.70. Cabbages—per crate 1.80-2.00. Celery—per 12/18s 1.80-2.20. Strawberries—per ½ lb 0.12-0.18. Cauliflowers—per 12 Lincoln 1.80-2.20. Broad beans—per pound 0.12. Peas—per pound 0.10-0.11. Cherries—per pound Dutch 0.40. White 0.20-0.30. Gooseberries—per pound 0.20. Levellers 0.25-0.30. Beetroots—per 28 lb 1.20-1.40. Carrots—per 28 lb 1.60-1.80. Black/Red Currants—per pound 0.40.

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 145 tonnes, bringing the total for the week so far to 475 tonnes, reports F. W. Tattersall. Minor replacements were necessary for some users but fresh operations generally were weak. Occasional supplies were sought in African and Middle Eastern growths.

JUTE

DUNDEE JUTE—Quiet. Prices c and f for Aug.: BWB £237, BWC £247, BWD £229, BTB £255, BTC £247, BTD £239. Calcutta goods unchanged. Quotations for July shipment: 40 ins 10 oz £9.80, 7.5 oz £7.61 per 100 yds, Aug. £9.91, £7.62, Sept. £7.96, "B" twills £26.81, £27.17, £27.51. Yarn and cloth quiet.

HIDES—Leeds. Very firm. 31-35½ kilos, 27.5p per kilo, 26-30½ kilos 36.7p, 22-25 kilos 36.7p. Light cows 45.9p per kilo. No calf offered.

PRICE CHANGES

Prices per tonne unless otherwise stated.

	July 19 1978	+ or —	Month ago
Metals			
Aluminium	£680	......	£680
Free market (cis)	$1,045-55	—5.0	$1020-50
Copper cash W. Bar	£693	—11.25	£729.25
3 months do. do.	£714.25	—11.5	£706.5
Cash Cathode	£769	—11.5	£705.25
3 months do. do.	£710	—11.25	£725.75
Gold Troy oz.	$185.875	+1.0	$186.875
Lead Cash	£300.5	—3.5	£307.75
3 months	£308.75	—4.5	£317.75
Nickel	£2,566	......	£2,566
Free Market (cif) (lb)	$1.78		$1.85
	1.90	......	1.95
Platinum troy oz.	£129	......	£133
Free Market	£128.3	......	£135.7
Quicksilver (76lb.)	$125-30	—1.0	$120-25
Silver troy oz.	277.7p	......	291.1p
3 months	284.55p	—0.05	299p
Tin Cash	£6,495	—75.0	£6,730
3 months	£6,437.5	—67.5	£6,627.5
Wolfram 22.04lb. cif	$150.55	—1.0	$150-55
Zinc cash	£302.75	+0.75	£307.5
3 months	£313.25	+1.0	£217.25
Producers	$550-600	......	$550-600
Oils			
Coconut (Phil)	$640y	—5.0	$695
Groundnut	£668	......	£724
Linseed Crude (v)	£342	—2.0	£377
Palm Malayan	$581q	—4.0	$605
Seeds			
Copra Phillip	$442.5r	—7.5	$480
Soyabean (U.S.)	$260r	—4.0	$285
Grains			
Barley EEC			
Home Futures	£81.7	......	£81.8
Maize			
French No. 3 Am	£102	......	£103.75
Wheat			
No. 1 Red Spring	£91p	—0.25	£96.5
No. 2 Hard Winter	......	......	
English Milling†	£91.00	......	£104.5
Cocoa Shipment	£1,870	+82.0	£1,650
Future Sept.	£1,789	+61.5	£1764.5
Coffee Future			
Sept.	£1,236	+9.0	£1,553.5
Cotton 'A' Index	71.05c	......	72.3c
Rubber kilo	53.5p	......	58p
Sugar (Raw)	£84.5	+1.0	£95
Woolfops 64s kilo	285p	......	283p

* Nominal. † New crop. ‡ Unquoted. k August. m June-August. n July-Sept. p July-Aug. q Sept. v August-Sept. x Per ton.

INDICES

FINANCIAL TIMES

July 18	July 17	Month ago	Year ago
235.34	235.34	248.37	250.26

(Base: July 1, 1952=100)

REUTER'S

July 19	July 18	Month ago	Year ago
1418.4	1425.0	1498.6	1533.9

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	July 18	July 17	Month ago	Year ago
Spot	351.27	358.18	353.75	384.16
Futures	335.75	339.91	365.20	356.96

(Average 1924-25-26=100)

MOODY'S

Moody's	July 18	July 17	Month ago	Year ago
Sple Commty	911.0	911.2	928.5	881.8

(December 31, 1931=100)

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £3.40-£4.00, codlings £2.20-£2.90; large haddock £4.00-£4.50, medium £3.40-£4.20, small £2.50-£3.00; large plaice £5.00-£5.50, medium £5.30-£4.50, best small £3.00-£4.00; large skinned dogfish £9.00, medium £5.30; large lemon soles £6.00, medium £5.00; saithe £1.50-2.50.

U.S. Markets

Cocoa and coffee fall; sugar weak

NEW YORK, July 18.

COCOA initially rallied on Commission House stop-loss buying then sold off to close slightly lower on local selling and price fixing, Bache reports. Coffee closed lower on continued Commission House selling. Sugar closed weak on local selling coupled with chartist selling. Precious metals gained slightly as the U.S. dollar was under light pressure.

Cocoa—July 148.50 (149.50), Sept. 143.75 (144.75), Dec. 139.25, March 136.75, May 134.75, July 132.60, Sept. 130.90, Dec. 128.90. Sales: 917.

Coffee—July 132.25-133.00 (135.50), Sept. 120.00-120.50 (123.25), Dec. 111.50-112.25, March 107.00, May 105.00, July 105.75, Sept. 103.00-104.00, Dec. 102.00-104.00. Sales: 785.

Copper—July 61.00 (61.25), Aug. 61.25 (61.55), Sept. 61.55, Dec. 62.60, Jan. 64.15, March 65.25, May 66.30, July 67.30, Sept. 68.30, Dec. 69.70, Jan. 70.20, March 71.20, May 72.20. Sales: 2,800.

Cotton—No. 2: Oct. 60.75-60.76 (60.74), Dec. 62.65-62.67 (62.66), March 64.20-64.25, May 65.20-65.25, July 66.20-66.25, Oct. 65.25-65.60, Dec. 65.20-65.25. Sales: 3,050 bales.

*Gold—July 185.60 (184.50), Aug. 186.00 (184.80), Sept. 187.60, Oct. 188.70, Dec. 191.60, Feb. 194.60, April 197.70, June 200.80, Aug. 204.00, Oct. 207.20, Dec. 210.40, Feb. 213.60, April 216.80. Sales: 7,600 lots.

†Lard—Chicago loose unavailable. New York prime steam 23.75 asked (23.75 traded).

†Maize—July 227-228 (230), Sept. 229½-229 (234½), Dec. 235¼-235½, March 244¾-243¼, May 249-249¼, July 251.

§Platinum—Oct. 245.10-245.50 (244.75), Jan. 248.30-248.50 (247.60), April 251.70-251.90, July 255.20-255.50, Oct. 258.60-259.00, Jan. 262.70-262.90. Sales: 603.

*Silver—July 522.50 (520.40), Aug. 522.50 (521.70), Sept. 527.50, Dec. 539.00, Jan. 542.90, March 550.90, May 559.40, July 568.00, Sept. 576.70, Dec. 590.00, Jan. 594.40, March 603.40, May 612.60. Sales: 11,500 lots. Handy and Harman spot bullion: 521.00 (524.70).

Soyabeans—July 632-632 (641½), Aug. 625-627 (636), Sept. 609½, Nov. 595-596, Jan. 600½-601, March 607, May 611-612½, July 612-613.

Soyabean Oil—July 24.20-24.15 (24.57), Aug. 23.25-23.30 (23.63), Sept. 21.50-22.55, Oct. 21.90-21.85, Dec. 21.30-21.35, Jan. 21.20, March 21.15-21.20, May 21.20, July 21.10-21.15.

‡Soyabean Meal—July 169.00 (169.10), Aug. 165.20-164.70 (166.30), Sept. 164.00-163.70, Oct. 163.00-162.50, Dec. 162.20-161.50, Jan. 162.50, March 165.50, May 167.00-166.80, July 167.50-168.00.

Sugar—No. 11: Sept. 6.15-6.17 (6.20), Oct. 6.25-6.28 (6.32), Jan. 6.65-6.71, March 6.89-6.90, May 7.05, July 7.25, Sept. 7.45, Oct. 7.55. Sales: 3,380.

Tin—555-570 nom. (557-573 nom.).

**Wheat—July 304½-304 (308½), Sept. 306½-306 (311½), Dec. 310½-310½, March 313½, May 311, July 303.

WINNIPEG, July 18. ††Rye—July 98.30 (99.00 bid), Oct. 97.70 (99.00), Nov. 97.30 asked, Dec. [illegible]

††Oats—July [illegible] (70.00), Dec. [illegible] asked, March [illegible]

††Barley—July 71.50 bid (72.50 bid), Oct. 71.50 bid, Dec. [illegible] bid, May 72.50 bid.

§§Flaxseed—July [illegible], Oct. 225.00 [illegible] asked, Dec. [illegible]

††Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 158.22 (159.28).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce—100 ounce lots. † Chicago loose $ per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56 lb bushel in warehouse, 5,000 bushel lots. § $ per troy ounce for 50 oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ $ per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ SC per tonne.

STOCK EXCHANGE REPORT

Equities caught up in dividend control controversy

Index reacts 4.9 more—Gilts await money stock figures

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 10	July 20	July 21	Aug. 1
July 24	Aug. 3	Aug. 4	Aug. 15
Aug. 7	Aug. 17	Aug. 18	Aug. 30

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The debate on whether or not dividend restraint will be extended when current legislation *expires at the end of the month* intensified in stock markets yesterday. An immediate extension of Tuesday's reactionary trend was indicative of investors' views that the Government would soon take the necessary action and around *midday the tone was noticeably* dull.

However, a report that statutory control was unlikely to be enacted at this late hour and that the *authorities would ask for some* form of voluntary restraint caused a change of mood. The ensuing recovery was fairly swift, emphasising the sensitive nature of the *market, but it proved later to lack* substance and conditions deteriorated again towards the close.

With the dividend control controversy assuming all importance, *scant attention was paid to other* background factors such as the latest average earnings index, but Gilt-edged securities hardened in anticipation of more encouraging *news about money stock growth* now the effects of last month's imposition of the corset on clearing banks are beginning to show through.

The *fluctuations in industrial* shares was well illustrated by the FT 30-share index, down 5.6 at the noon calculation, only about half that amount off at the *following count but finally a net* 4.7 easier at 467.7 for a two-day recation of 11.6. Falls were in a greater majority over rises in FT-quoted industrials, by five-to-*two as against the previous day's* five-to-four.

British Funds were unaffected by the events in equities and began to edge ahead encouraged *by hopes that today's figures* would confirm the anticipated reversal in money stock growth. Business remained light, however, with much of the turnover among *the longer maturities representing* switching operations. An easing of the recently tight conditions in money markets enabled the shorts to improve and Treasury 12 per cent 1983 gained an above-average ⅜ to 101⅞.

Scattered gains appeared in Corporations, while African Development Bank Variable Notes 1983 made its debut at $97½ along with Thorn International Finance *7 per cent Convertible 1988*, at $98½.

Arbitrage selling released by activities in Australian shares brought the investment currency premium down from 108¾ to 106¾ per cent before a recovery to 107½ per cent, *a fall of a point on the* day. Yesterday's SE conversion factor was 0.6644 (0.6621).

In complete contrast to the previous day activity in Traded Options diminished considerably and the total number of contracts completed fell from Tuesday's record 1,249 to a modest 465, with 111 of these taking place in ICI. *Shell followed* with 82 but Land Securities, in which 424 contracts *were done on Tuesday, could only* muster 32. Today sees the start of the new April, 1979, series.

Cartiers became a much quieter market at 71p, down 2, after the previous day's active and successful debut. Elsewhere in new *issues, interest was shown in* Emray, which improved 1¼ to 12¼p.

Union Discount down

The major clearing banks encountered a good trade and closed mixed, Lloyds finished 2 *lower at 273p as did Barclays*, 325p, and NatWest, 278p. Midland, however, edged forward 2 to 362p. Elsewhere, Allied Irish, 196p, and Bank of Scotland, 282p, *lost 4 and 6 respectively. Union* Discount shed 10 to 305p in reaction to the uninspiring interim statement while Clive, 76p, and Gerrard and National, 174p, gave *up 3 in sympathy. Still awaiting* the outcome of the loan discussions with the Norwegian Guarantee Institute, Hambros relinquished 4 to 164p.

Dull conditions again prevailed in Insurances. After news of the group's acquisition of two Lincolnshire farms Equity and Law eased 4 to 154p, while Sten-*house cheapened 2 to 99p in* front of today's interim figures. General Accident lost 6 to 206p.

Marston Thompson and Evershed firmed 4 late to 71p on the *preliminary figures and property* revaluation surplus. Other Breweries closed little changed following an evenly-matched trade. Elsewhere, Distillers shaded 3 to 183p despite news of planned price increases.

Still reflecting the further rejection of the bid worth 120p per share from W. and J. Glossop, Wettern Bros. reacted afresh to close 10 down at 95p. Other *Building issues again made an* irregular showing. International Timber found support at 135p, up 3, and Brown and Jackson continued firmly, improving 2 *further to a peak for the year* of 144p. Smaller-priced issues to make headway included Wiggins Construction, a penny dearer at 28½p, and Stanley Miller, 2 to the good at 13p. On the other hand, J. Latham eased 3 to 135p and Armitage Shanks gave *up a* penny to 72p following the full report, while Wm. Leech shaded afresh to 82p on the proposed £2.02m rights issue. Leading *issues to ease included Marley*, 75p, and Tarmac, 150p, both down around 2.

ICI eased to 380p before recovering to 383p and settling at *382p for a fall of 3 on balance*. The trend in other Chemicals was *also slightly easier. Fisons drifted* back 3 to 360p, while losses of 2 were marked against Coalite and Chemical, 68p, and Anchor, 65p.

A particularly firm market of late in response to excellent results and a proposed 300 per cent scrip-issue, Wallis came to the fore again Stores and put on 14 to a 1978 peak of 164p on *renewed investment demand. Old* speculative favourites Elys (Wimbledon) revived with a rise of 10 at 187p, and Forminster improved 5 to 165p on buying in front of today's preliminary results. The chairman's encouraging remarks *at the annual meeting prompted* a gain of 4 to 102p in Cope Sportswear, while Ratners hardened 3 to 66p. Of the quietly dull leaders, Gussies A softened 2 to 278p ahead of today's annual results.

GEC continued a dull market in Electricals, losing 4 to 263p for a two-day fall of 12 on fears about further dividend restraint. *Among* secondary issues, renewed speculative interest prompted 1978 peaks in Automated Security, 2 harder at 90p, and Kode International, 3 higher at 137p.

Secondary issues provided isolated small features in Engineerings. Drake and Scull *put on 2½ to 29½p*, after 31p, in response to the doubled first-half profits, while Birmingham Mint moved forward 4 to 74p on consideration of the strong second-*half recovery. Details of the* property revaluation helped Stothert and Pitt add 4 to 182p and renewed speculative support left M. L. Holdings a similar amount dearer at 130p. *Birmid Qualcast*, on the other hand, cheapened a *penny to 80p on the interim* profits setback. John Brown declined 2 to 396p despite an investment recommendation, and other leaders closed with similar *losses*.

Following the previous day's *rise of 35 on the 160p a share cash* offer from Imps, J. B. Eastwood declined 9 to 151p on fears that the proposed merger will be referred to the Monopolies Commission. J. Sainsbury were notably dull at 195p, down 5, while Tate *and Lyle closed 3 off* at 164p and Associated Dairies lost 4 more to 225p. Press comment ahead of today's interim figures further depressed Associated Fisheries, down 2 to a 1978 low of 39p. Hotels and Caterers had dull spots in Trust Houses Forte, 5 off at 219p, and Ladbroke, 6 cheaper at 157p. Sheffield Refreshment *Houses, however, edged up 3 to* 55p on the satisfactory preliminary figures.

Vinten better

Continuing to be unsettled by extended dividend restraint fears, the miscellaneous Industrial leaders lost more ground in thin *trading. An early-afternoon rally* reduced some falls but Boots still closed 6 off at 198p as did Beecham, at 657p, and Pilkington, at 347p. Rank declined 8 to 232p, still partly reflecting Monday's disappointing interim figures. *Elsewhere, Vinten, a firm market* of late on good results, met renewed speculative interest and added 8 to 138p, while Syltone put on 3 more to 140p on further consideration of the record profits. Airfix cheapened 3 to 49p in reaction to the disappointing profits and LRC eased 2 to 35p for a similar reason. Black Arrow relinquished a penny to 37p after having earlier *touched a 1978 peak of 41p on* the sharply increased earnings and dividend. Associated Leisure ended 1½ easier at 62p after the disclosure that Coral Leisure has *sold about half of its 14 per cent* shareholding in the company for around 60p per share. Hoover A shed 13 to 287p and I. C. Gas gave up 5 to 393p.

Movements in Motors and Distributors were usually limited *to a penny or two in either direc*tion. Dowty closed higher at 223p, after 225p, following better-than-expected preliminary figures.

Newspapers passed an uninspir*ing session. Among the few* mixed movements, Daily Mail "A" eased 3 further to 320p, but Thomson closed that amount dearer at 278p. Elsewhere, Websters *Publications* were noteworthy for a fall of 4 at 52p, while Inveresk, awaiting the interim results, closed 1½ lower at 73p.

Property shares gave ground, but rallied in line with the general trend and final quotations recorded losses of only a few pence on balance. Land Securities eased to 211p before settling at 212p for a fall of 3 on the day, while *MEPC closed 2 lower at 124p*, after 123p. Fading hopes of a full-scale offer left English Property 2 cheaper at 41p. Great Portland gave up 4 to 282p and Hammerson "A" 5 to 550p, while Stock Conversion closed 2 cheaper *at 242p*.

Shell dip and rally

Shell encountered further selling and reacted afresh *to 545p*, but rallied to close 5 down at *555p on hopes that statutory divi*dend control is unlikely to form part of the Government's pay restraint policy. Elsewhere in the Oil leaders, British Petroleum *followed a similar pattern, closing* 2 cheaper at 850p, after touching 840p. Royal Dutch eased ¼ to £47⅛. Among North Sea speculative issues, Siebens (UK) came to the fore with a rise of 22 at 398p, but Lasmo OPS gave up 5 to *335p*.

Boustead attracted renewed *speculative interest and rose 5 to* 54p in little-changed Overseas Traders.

Investment Trusts took a turn for the worse as small selling and *lack of interest took their toll*. Rothschild Invesment, a firm market of late on good preliminary figures, closed 4 down at 203p, after 201p, while similar losses *were seen in City and Foreign* Investment, 77p, and Progressive Securities, 67p. Awaiting fresh developments in the bid situation, Investment Trust Corporation shed 5 to 280p.

News that only token dividends will be paid to shareholders during a moratorium on the company's loans unsettled Reardon Smith which fell 4 to 62p with the A 2 off at 31p. Graig came on offer at 130p, *down 10*, in front of next Monday's preliminary results.

Illingworth Morris continued firmly in Textiles, picking up another penny at 32p on further *consideration of the results*. Dawson International rose 4 to 137p as bid speculation revived.

Following the previous day's rise of 12, Guthrie improved afresh to 367p *ahead of the annual meet*ing before reacting sharply to close 4 easier on balance at 353p on the chairman's bid denial.

Rumours—later confirmed—that Union Corporation is to develop a new uranium/gold mine in the Orange Free State, 25 km *south* of the Welkom mine, caused a *surge of speculative buying of* Union Corporation shares which advanced to a 1978 high of 300p before easing on profit-taking to close 12 better on balance at 292p.

UC Investments, which has the right to take up 10 per cent of any new Union Corporation development, moved up a similar *amount to a new high of 244p*.

South African gold shares regis*tered minor gains for the fourth* consecutive trading day, reflecting the further $1 improvement in the bullion price to $183.875 per ounce. The result of the U.S. Treasury gold auction was much in line with market expectations and *had little effect on* either bullion or Golds.

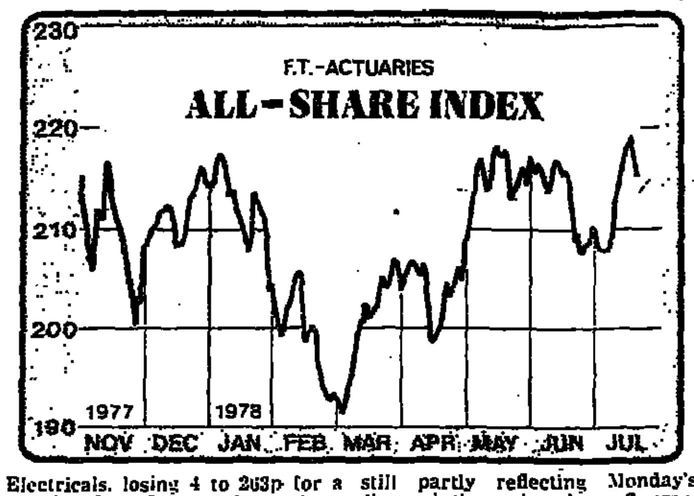
The Gold Mines index added 1.8 more to 164.4, bringing the rise over the past four days to 5.4.

The gains in Golds also reflected satisfaction with the current *announcements of June quarter* profits by the producers, the latest of which, those of the General Mining and Union Corporation group mines, continued to *show good increases overall*.

A further downturn in UK equities affected sentiment in London-registered Financials. Small but persistent offering lowered Charter *3 to* 140p and Rio Tinto-Zinc a similar amount to 216p. The developments at Union Corporation failed to stimulate much activity in other South *African Financials* although Anglo American managed a gain of 2 at 320p and Gold Fields of South Africa put on ¼ to £13½.

Australians lacked direction in *line with overnight domestic* markets.

Elsewhere, further consideration of the June quarter loss saw Murchison fall 5 more to 230p, while Cape *buying inspired a rise* of 15 in Afrikander Lease to 280p.



RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	58	1	18
Corpns. Dom. and Foreign Bonds	6	1	57
Industrials	173	443	923
Financial and Prop.	50	210	256
Oils	4	19	11
Plantation	4	9	19
Mines	48	32	46
Recent Issues	7	14	21
Totals	350	729	1,351

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 18	July 31	Oct. 12	Oct. 24
Aug. 1	Aug. 14	Oct. 26	Nov. 7
Aug. 15	Aug. 29	Nov. 9	Nov. 21

For rate indications see end of Share Information Service

Stocks favoured for the call were Burmah Oil, UDT, St. Piran, *English Properties*, KCA International, BP, Mills and Allen, British Land, P & O Deferred, Lonrho, Dunlop, Hunting Petroleum, Brook St. Bureau and Automated Security, while doubles were arranged in Burmah Oil, Lonrho, BP, British Land, KCA International and Dunlop.

FINANCIAL TIMES STOCK INDICES

—	July 19	July 18	July 17	July 14	July 13	July 12	A year ago
Government Secs.	70.57	70.50	70.50	70.26	70.02	69.98	66.67
Fixed Interest	71.64	71.60	71.49	71.66	71.75	71.77	67.67
Industrial Ordinary	467.7	472.4	479.3	474.4	475.6	475.5	439.1
Gold Mines	164.4	162.6	161.3	160.6	159.0	160.1	118.8
Ord. Div. Yield	5.68	5.63	5.55	5.60	5.60	5.59	5.43
Earnings Y'ld%(full)*	17.25	17.10	16.86	17.01	17.00	16.93	16.28
P/E Ratio (net)(*)	7.74	7.81	7.92	7.85	7.84	7.85	8.69
Dealings marked	4,383	4,757	4,321	4,172	4,061	4,270	5,738
Equity turnover £m	—	85.84	68.07	70.96	81.71	81.82	63.15
Equity bargains total	—	17,151	14,764	16,735	17,343	18,287	13,761

10 am 465.4. 11 am 463.9. Noon 466.8. 1 pm 469.5.
2 pm 469.2. 3 pm 469.7
Latest Index 01-246 8026.
* Based on 52 per cent corporation tax. † Nil=7.57.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (8/5)	130.3 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	July 19	July 18
—Daily		
Gilt-Edged	158.9	156.8
Industries	152.8	169.8
Speculative	32.2	24.2
Totals	99.8	108.3
5-day Av'rage		
Gilt-Edged	147.8	144.0
Industrials	152.1	151.1
Speculative	29.3	28.3
Totals	98.6	98.2

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	18	382	−3	396	328
Shell Transport	25p	13	555	−5	586	484
GEC	25p	11	263	−4	278	233
Rank Org.	25p	9	232	−8	268	226
BP	£1	8	850	−2	896	720
Midland Bank	£1	8	362	+2	390	330
RTZ	25p	8	216	−2	234	164
Thorn Elect.	25p	8	348	−4	392	308
BATs Defd.	25p	7	263	−2	296	227
Beecham	25p	7	657	−6	678	583
Boots	25p	7	198	−6	231	184
Eng. Prop. Corp.	50p	7	41	−2	51	27
Barclays Bank	£1	6	325	−2	338	296
Grand Met.	50p	6	106	−½	117½	87
Plessey	50p	6	95	−1	103	87

LONDON TRADED OPTIONS

Option	Exercise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	102	—	122	1	142	—	850p
BP	800	52	—	81	—	106	—	..
BP	850	2	15	52	5	75	—	..
BP	900	½	—	31	7	50	3	..
Com. Union	140	7	—	15	8	17	13	146p
Com. Union	160	¼	—	6½	—	10	—	..
Cons. Gold	160	13	—	25	1	27	1	173p
Cons. Gold	180	¼	—	8	6	14	—	..
Cons. Gold	200	—	—	4	—	6	8	..
Courtaulds	100	20	—	25	2	25	—	120p
Courtaulds	110	10	3	16	—	18	2	..
Courtaulds	120	½	23	9½	8	12½	6	..
Courtaulds	130	¼	—	5½	5	8½	5	..
GEC	220	44	2	52	3	59	—	264p
GEC	240	24	3	35	1	43	5	..
GEC	260	5	—	22	17	31	—	..
GEC	280	¼	—	11½	10	20	—	..
Grand Met.	100	6½	22	13	—	17½	5	106p
Grand Met.	110	¼	1	6½	1	11½	—	..
Grand Met.	120	¼	—	3½	8	6½	—	..
ICI	330	52	—	61	—	63	4	383p
ICI	360	22	—	33	27	43	16	..
ICI	390	1	—	13½	31	26	14	..
ICI	420	¼	—	4½	2	11½	17	..
Land Secs.	180	32½	—	37	—	40	3	212p
Land Secs.	200	12½	—	18	6	25	—	..
Land Secs.	220	¼	12	7½	7	13	4	..
Marks & Sp.	120	35	—	38	—	41	—	155p
Marks & Sp.	140	15	—	19	5	24	15	..
Marks & Sp.	160	½	—	7	5	12	15	..
Shell	500	57	1	75	5	80	2	554p
Shell	550	5	23	34	9	47	—	..
Shell	600	½	—	13	37	26	5	..
Totals			105		217		145	

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (67)

BRITISH FUNDS (1)
Exchqr. 12pc 1998

CANADIANS (4)
Bow Valley — Hudson's Bay Oil Gas
Hollinger — Inland Nat. Gas

BUILDINGS (4)
Brown & Jackson — Gibbs & Dandy A
Burnett Hallamshire — Wiggins Construct.

STORES (3)
Cope Sportswear — Wallis
Forminster

ELECTRICALS (2)
Automated Security — Kode Intl.

ENGINEERING (7)
Clifford (Ch.) — Granges
Cooper Inds. — Laird
Davies & Metcalfe A — Warne Wright
Drake & Scull

FOODS (3)
Avana — *Hazlewood's (Prop.)*
Clifford Dairies

INDUSTRIALS (15)
BTR — Radiant Metal
Black Arrow — *Reed Executive*
Brooks Watson — Saga Holidays
Ewer (Geo.) — Sandhurst Marketing
Ferguson Ind. — Stonehill
Friedland Doggart — Syltone
Lindsay & Williams — Vinten
Magnolia

INSURANCE (1)
Leslie & Godwin

PROPERTY (1)
Bradford Prop.

SHOES (1)
Ward White

SOUTH AFRICANS (1)
Rex Trueform A

TEXTILES (3)
Dawson Intl. — Scott & Robertson
Do. A

TRUSTS (12)
Bankers Inv. — Foreign & Colonial
Brit. Am. & Gen. — *Hume Hldgs. A*
Continental Union — London Atlantic
Equity Cons. — Moorgate Inv.
Do. Defd. — Moorside Trust
Estate Duties — Trust Union

OVERSEAS TRADERS (2)
Boustead — Harrisons Crosfield

RUBBERS (1)
Bertam Consld.

TEAS (1)
Assam Dooars

MINES (5)
Elandsrand — F.S. Geduld
Kloof — U.C. Investment
Free State Dev.

NEW LOWS (16)

BRITISH FUNDS (1)
Treas. Var. 1982

ENGINEERING (2)
Braithwaite — Howard Machinery

FOODS (2)
Assoc. Fisheries — Tate & Lyle

HOTELS (1)
Ladbroke

INDUSTRIALS (5)
Hoover A — "W" Ribbons
P.M.A. — Whiteley (B. S. & W.)
Spear (J. W.)

SHIPBUILDERS (1)
Hawthorn Leslie

SHIPPING (4)
Lyle Shipping — Reardon Smith
Ocean Transport — Do. A

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
75	F.P.	30/6	92	85	Bramall (C.D.)	87	−½	b4.8	3.1	7.8	4.6
55	F.P.	—	76	71	Cartiers Superfoods	71	−2	d2.41	2.1	5.1	9.7
‡‡	F.P.	—	12¼	10	Emray	12¼	−2	—	—	—	—
100	F.P.	5.7	169	152	Eurotherm	163	−1	g2.64	3.0	2.5	15.5
85	F.P.	24.8	91	85	Hunting Petr. Services	83	−1	4.65	5.0	8.5	5.8
§34	F.P.	—	56	53	Thames Plywood	55		§§2.0	2.3	8.7	7.6

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

LEADERS AND LAGGARDS

The following table shows the percentage changes which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Gold Mines F.T.	+22.67
Newspapers and Publishing	+14.80
Overseas Traders	+14.01
Mining Finance	+11.53
Chemicals	+9.26
Tobaccos	+8.56
Mechanical Engineering	+8.01
Engineering Contractors	+7.48
Toys and Games	+6.95
Investment Trusts	+6.21
Motors and Distributors	+5.60
Banks	+5.35
Packaging and Paper	+4.71
Textiles	+4.27
Office Equipment	+3.75
Capital Goods Group	+3.42
Wines and Spirits	+2.86
Oils	+2.80
Metal and Metal Forming	+2.57
Consumer Goods (Durable) Group	+2.14
Insurance Brokers	+2.08
500 Share Index	+1.62
Industrial Group	+1.42
Electricals	+1.32
Electronics, Radio and TV	+1.06
All-Share Index	+0.92
Building Materials	+0.58
Contracting and Construction	+0.42
Consumer Goods (Non-Durable) Group	−0.55
Pharmaceutical Products	−0.81
Food Manufacturing	−1.75
Food Retailing	−1.78
Insurance (Life)	−2.80
Merchant Banks	−3.62
Household Goods	−3.68
Property	−4.21
Breweries	−4.31
Financial Group	−4.71
Hire Purchase	−4.99
Entertainment and Catering	−5.28
Stores	−5.35
Insurance (Composite)	−5.91
Discount Houses	−6.85
Shipping	−12.30

Percentage changes based on Tuesday, July 18, 1978 indices.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., July 19, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net.) Corp. Tax 52%	Tues. July 18 Index No.	Mon. July 17 Index No.	Fri. July 14 Index No.	Thurs. July 13 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	214.46	−0.7	17.69	5.71	7.82	215.93	218.17	216.02	215.39	179.07
2	*Building Materials (28)*	193.00	−0.4	18.00	5.75	7.85	193.78	194.64	192.27	192.51	250.37
3	Contracting, Construction (27)	339.49	−0.6	20.61	4.34	7.06	341.39	342.44	341.25	340.87	243.22
4	Electricals (15)	457.60	−1.3	15.05	4.06	9.39	463.62	474.55	468.63	467.86	355.62
5	Engineering Contractors (14)	317.80	−0.2	18.88	6.42	7.05	318.48	320.71	320.06	320.60	261.30
6	Mechanical Engineering (72)	172.87	−0.4	18.72	6.22	7.16	173.57	174.95	173.44	172.10	160.88
8	Metals and Metal Forming (16)	163.37	−0.7	17.47	8.61	7.80	164.55	165.34	163.32	162.64	147.46
	CONSUMER GOODS										
11	(DURABLE) (52)	196.25	−0.7	17.69	5.34	7.93	197.73	198.98	198.53	199.19	178.19
12	Lt. Electronics, Radio TV (15)	232.42	−1.0	16.16	4.39	8.74	234.78	236.01	235.49	236.17	197.93
13	*Household Goods (12)*	173.98	−1.4	16.95	6.52	8.13	176.45	176.03	175.44	175.36	159.52
14	Motors and Distributors (25)	123.42	−0.2	20.20	6.53	6.90	123.67	124.92	124.64	125.26	108.58
	CONSUMER GOODS										
21	(NON-DURABLE) (174)	201.21	−0.7	16.05	5.94	8.43	202.67	204.55	203.64	203.44	163.48
22	Breweries (14)	220.43	−0.1	15.48	6.17	9.19	220.57	224.01	222.89	221.71	172.12
23	Wines and Spirits (6)	258.50	−0.9	16.56	5.60	9.16	260.90	265.67	263.22	264.42	196.82
24	Entertainment, Catering (17)	247.14	−1.0	15.92	7.03	9.19	249.64	252.20	250.12	249.43	205.82
25	Food Manufacturing (21)	196.30	−0.6	19.25	5.67	6.87	197.49	198.12	196.30	195.89	172.36
26	Food Retailing (15)	204.19	−1.2	14.32	4.99	9.65	206.69	207.91	207.84	208.28	171.08
32	Newspapers, Publishing (13)	397.26	+0.6	10.14	3.15	14.07	395.02	395.49	396.06	397.52	297.27
33	Packaging and Paper (15)	134.13	−1.0	19.59	7.90	6.74	135.47	135.66	134.67	134.40	118.49
34	Stores (39)	183.89	−0.8	11.46	4.81	12.80	185.44	187.96	187.41	187.98	142.82
35	Textiles (25)	176.76	−0.8	18.77	7.83	6.91	178.11	180.30	179.02	178.18	156.95
36	Tobaccos (3)	244.52	−0.8	22.44	7.66	5.26	246.58	248.55	248.27	246.51	194.83
37	*Toys and Games (6)*	106.41	−1.1	19.11	5.87	6.39	107.56	108.24	108.00	107.80	98.24
41	OTHER GROUPS (97)	197.09	−0.8	16.29	5.87	8.04	198.64	200.63	199.08	198.49	177.29
42	Chemicals (19)	285.17	−0.7	17.36	6.13	7.82	287.05	290.67	286.74	284.40	248.67
43	Pharmaceutical Products (7)	257.98	−0.7	11.21	3.97	11.10	259.80	262.14	261.15	259.37	0.00
44	Office Equipment (6)	124.91	−2.6	19.18	6.09	6.17	128.18	130.57	130.04	133.32	104.89
45	Shipping (10)	398.65	−1.0	18.18	7.68	6.78	402.57	405.24	404.74	404.40	482.33
46	Miscellaneous (55)	205.27	−0.6	17.46	6.44	7.64	206.45	207.83	206.62	206.45	173.55
49	INDUSTRIAL GROUP (495)	209.96	−0.7	16.62	5.83	8.14	211.49	213.51	212.14	211.78	177.38
51	Oils (5)	486.47	−0.6	15.17	4.06	7.15	489.19	499.62	497.52	500.41	505.69
59	500 SHARE INDEX	232.92	−0.7	16.40	5.56	7.97	234.57	237.22	235.77	235.66	203.73
61	FINANCIAL GROUP (100)	162.91	−1.1	—	5.82	—	164.78	166.68	164.28	163.96	135.28
62	Banks (6)	189.23	−0.7	24.15	5.94	6.27	190.50	193.51	190.49	187.52	153.36
63	Discount Houses (10)	201.33	−1.7	—	8.59	—	204.91	203.10	203.34	204.17	176.02
64	Hire Purchase (5)	152.91	+0.1	12.91	5.39	11.45	152.81	154.85	152.17	152.17	129.40
65	Insurance (Life) (10)	133.94	−1.6	—	6.80	—	136.18	137.30	134.82	136.21	104.73
66	Insurance (Composite) (7)	123.58	−1.6	—	6.90	—	125.65	127.65	125.39	125.67	108.93
67	*Insurance Brokers (10)*	336.57	−1.0	13.99	4.66	10.24	339.86	339.50	338.03	340.01	301.28
68	Merchant Banks (14)	79.38	−0.7	—	6.17	—	79.93	80.28	79.46	79.82	66.65
69	Property (31)	232.15	−1.2	3.05	3.21	64.95	234.91	237.69	234.05	234.64	180.60
70	Miscellaneous (7)	104.30	−1.1	24.34	8.01	5.35	105.51	105.58	105.42	104.70	88.54
71	Investment Trusts (50)	219.05	−0.7	3.17	4.65	31.53	220.52	221.04	218.74	218.73	171.78
81	Mining Finance (4)	97.93	−0.8	18.02	7.10	6.76	98.77	99.91	100.19	100.46	92.27
91	Overseas Traders (19)	317.43	+0.4	16.50	6.72	7.44	316.21	317.08	316.47	318.42	274.05
99	ALL-SHARE INDEX (673)	215.15	−0.8	—	5.61	—	216.78	219.11	217.48	217.37	185.88

FIXED INTEREST PRICE INDICES

	British Government	Wed. July 19	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.98	+0.12	—	4.92
2	5-15 years	114.07	+0.19	0.70	7.04
3	Over 15 years	120.78	+0.14	—	7.71
4	Irredeemables	126.56	—	—	8.26
5	All stocks	112.84	+0.14	0.12	6.37

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Wed. July 19	Tues. July 18	Year ago (approx.)
1	Low Coupons	5 years	8.76	8.76	7.86
2		15 years	10.89	10.91	11.70
3		25 years	11.58	11.60	12.67
4	Medium Coupons	5 years	11.50	11.55	10.59
5		15 years	12.11	12.15	12.55
6		25 years	12.15	12.16	13.15
7	High Coupons	5 years	11.62	11.66	11.65
8		15 years	12.68	12.83	13.23
9		25 years	12.82	12.85	13.45
10	Irredeemables		11.43	11.63	11.46

		Wed. July 19 Index	Wed. July 19 Yield %	Tues. July 18	Mon. July 17	Friday July 14	Thurs. July 13	Wed. July 12	Tues. July 11	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.08	13.02	56.90	56.94	56.88	56.80	56.83	56.78	53.74
16	Investment Trust Prefs. (15)	51.04	13.78	51.05	51.51	51.56	51.59	51.59	51.50	51.19
17	Coml. and Indl. Prefs. (20)	69.99	13.25	70.04	70.04	70.02	70.04	70.13	70.30	66.18

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

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AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn Tst	$HK293.94	...	2.50
Jardine Jpn. Fd.*	$HK353.28	...	1.00
Jardine S.E.A.	$US16.79	...	1.80
Jardine Flem. Int	$HK10.55		—
Intl Pacific Secs.	$HK12.67	...	—

NAV June 30. *Equivalent $US75.87. Next sub. July 14.

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St Helier, Jsy CI 0534 73741

CMF Ltd June 29	$US12.35	12.67	...	—
CMT Ltd. June 29	£12.77	13.10	...	—
Metals Tst. June 16	£12.17	12.47	...	—
TMT July 14	$US10.30	10.57	...	—
TMT Ltd. July 14	£10.36	10.63	...	—

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ⌀ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 466-471

INSURANCE BASE RATES

† Property Growth .... 10¼ %
† Vanbrugh Guaranteed 9.25%
† Address shown under Insurance and Property Bond Table

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
25	17	[illegible]	24	.....	—	—
40	33	[illegible]	40			—
98	88	[illegible]	98xd		—	13.10
415	350	German Var. 4½pc	405		4½	—
54	46	[illegible]	54	.....	3½	16.48
51	45	[illegible]	51		6	16.00
45	40	[illegible]	43xd		4	14.65
55	42	[illegible]	55		4½	5.00
77	65	[illegible] 83-88	65		—	12.60

AMERICANS

[illegible]

S.E. List Premium 50¾% (based on US$1.8963 per £)
Conversion factor 0.6644 (0.6621)

CANADIANS

[illegible]

S.E. List Premium 50¾% (based on $2.1234 per £)

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

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[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	180	+5	Q50c	1.3	23.7
24	15	Rhod'n Corp. 16½p	17	+1	0.56	7.1	5.0
80	52	Roan Cons. K4	67	......	—	—	—
175	122	Tanganyika 50p	160	......	Q10.0	1.2	6.2
90	78	Do. Pref. 80p	87	......	Q9%	16.3	8.3
41	32	Wankie Col. Rh 1	36	+1	†Q7½c	1.4	17.8
16½	10	Zam.Cpr.SBD0.24	14½	+½	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	14	......	—	—	—
132	64	Bougainville 50 Toea	122	+1	Q8c	1.4	4.1
125	63	BH South 50c	110	......	—	—	—
820	150	Central Pacific	550	......	—	—	—
246	148	Conzinc Riotinto 50c	246	+2	Q10c	2.2	2.5
72	45	G.M. Kalgoorlie $1	46	......	—	—	—
140	81	Hampton Areas 5p	134xd	......	t3.5	2.0	4.0
40	10	Metals Ex. 50c	28	−1	—	—	—
220	125	M.I.M. Hldgs. 50c	204	−2	Q9c	1.7	2.7
39	10	Mount Lyell 25c	28	......	—	—	—
6½	3½	Newmetal 10c	4½	......	—	—	—
143	79	North B. Hill 50c	123	−1	Q8c	1.5	4.0
16	8½	Nth. Kalgurli	13	......	—	—	—
178	117	Oakbridge $A1	168	+1	†Q11c	1.9	4.1
50	30	Pacific Copper	49	+2	—	—	—
£14¾	750	Pancont'l 25c	£13¾	−¼	—	—	—
40	12	Paringa M&Ex 5p	35	−½	—	—	—
538	310	Peko-Wallsend 50c	520	......	Q15c	4.0	1.8
300	50	Southern Pacific	215	−3	—	—	—
160	84	West'n Mining 50c	141	−3	‡Q6c	1.4	‡
70	35	Whim Creek 20c	55	+5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	25	......	†2.51	1.6	15.2
400	240	Ayer Hitam $M1	375	−5	[illegible]	0.9	‡
60	45	Beralt Tin	52	......	3.75	4.4	11.5
300	200	Berjuntai $M1	295	......	‡Q110c	ϕ	‡
145	111	Geevor	135	......	h4.51	3.4	5.1
10	8½	Gold & Base 12½p	9½	......	—	—	—
300	220	Gopeng Cons.	295	......	15.0	0.9	7.8
165	130	Hongkong	160	......	—	—	—
93	78	Idris 10p	85	......	[illegible]	1.6	
11	10	Jantar 12½p	10	......	—	—	—
77	68	Kamunting $M0.50	77	......	ZQ15c	0.7	4.3
510	450	Killinghall	470xd	......	Q125	ϕ	26.7
415	280	Malay Dredging $M1	405	−5	†Q95c	0.8	5.0
73	40	‡Pahang	70	......	‡Q3.75c	0.5	‡
62	50	Pengkalen 10p	60	−2	6.5	1.3	16.4
230	165	Petaling $M1	230	......	†Q80c	1.6	8.0
61	49	Saint Piran	54	......	‡1.99	4.6	5.6
61	47	South Crofty 10p	53xd	......	4.13	2.0	11.8
220	140	South Kinta $M0.50	210	......	[illegible]	1.4	8.0
330	230	Sthn Malayan $M1	315	−5	[illegible]	1.1	9.0
228	134	Sungei Besi $M1	215	......	Q65c	ϕ	6.5
78	55	Supreme Corp. $M1	78	......	ZQ10c	—	2.8
100	85	Tanjong 15p	92	......	6.5	0.8	10.7
100	74	Tongkah Hrbr. $M1	92	......	[illegible]	1.6	‡
233	148	Tronoh $M1	227	......	ZQ88c	1.6	8.3

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
100	70	Messina R0.50	89	−2	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
61	35	Barymin	54	......	—	—	—
17	9	Burma Mines 17½p	14	......	—	—	—
300	220	Cons. Murch. 10c	230	−5	‡Q30c	2.6	‡
465	245	Northgate C$1	425	−25	—	—	—
234	164	R.T.Z.	216	−2	9.5	2.8	6.7
90	30	Sabina Inds. C$1	60	−1	—	—	—
£12	750	Tara Exptn. $1	912	+62	—	—	—
45	43	Teddy Minerals 10p	43	......	1.33	ϕ	4.7
180	120	Yukon Cons. C$1	166	......	Q7c	2.9	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited
- †† Unlisted security
- ¤ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♠ Not comparable
- ♣ Same interim: reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ✦ Regional price
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	24	......
Ash Spinning	44	......
Bertam	21	......
Bdg'wtr. Est. 50p	278	......
Clover Croft	26	......
Craig & Rose £1	480	......
Dyson (R. A.) A	38	......
Ellis & McHdy	61	......
Evered	16½	−½
Fife Forge	50	......
Finlay Pkg. 5p	23½	......
Graig Ship. £1	130	−10
Higsons Brew	73	......
I.O.M. Stm. £1	150	......
Holt (Jos.) 25p	262	......
N'thn. Goldsmith	56	......
Pearce (C. H.)	182	......
Peel Mills	20	......
Sheffield Brick	45	......
Sheff. Refrshmt.	56	+4
Sindall (Wm.)	103	......

IRISH

Conv. 9% '80/82	£91¼	......
Alliance Gas	65	......
Arnott	340	......
Carroll (P.J.)	98	......
Clondalkin	100	......
Concrete Prods.	130	......
Heiton (Hldgs.)	40	......
Ins. Corp.	160	
Irish Ropes	130	
Jacob		
Sunbeam		
T.M.G.		
Unidare		

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	4	Intreuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Thursday July 20 1978

Official Secrets plans draw angry reaction

BY RUPERT CORNWELL, LOBBY STAFF

THE Government ran into stern and sometimes vicious criticism yesterday as it announced its plans to replace the existing "catch-all" Section Two of the 1911 Official Secrets Act with an updated and less restrictive Official Information Act.

The long-delayed White Paper's *proposals would limit* the threat of criminal sanctions to the disclosure of defence security and foreign policy material, and confidential information about individuals and companies held by Whitehall and local authorities.

However, the Government takes a dim view of any legislation guaranteeing right of access to official information, as now operates in the U.S. and Sweden. This was proposed in the last Labour manifesto, and demanded by the Liberals and by the growing *freedom of information* lobbies.

The White Paper declares that *the Government* is keeping an open mind on the issue, and that reform of Section Two would be an *essential* precursor of any such measure. But it points out the extra costs that might arise, as well as possible constitutional difficulties.

The proposals come 20 months after Mr. Merlyn Rees, the Home Secretary, outlined his broad acceptance of the recommendations of the Franks Committee back in 1972 for reform of Section Two.

Inevitably, after so long a delay, yesterday's modest announcement by Mr. Rees in the Commons was surrounded by anti-climax and disappointment—and produced the most bitter clash for months between the Government and the Tribune group.

Mr. Robert Kilroy-Silk, Labour MP for Ormskirk, had called the White Paper "totally unconvincing." The Home Secretary retorted that very few of his constituents were likely to be worried by it — and was engulfed by enraged protests from the Left.

Mr. Jeff Rooker, Labour MP for Perry Bar, scornfully dismissed the excuse: "It is the function of those who aspire to *hold political leadership to offer* a vision to their fellow-citizens living in a complex society . . . you are neither fitted to hold nor to aspire to such leadership," he told the Home Secretary.

For the Liberals, Mr. Emlyn Hooson described the proposals as "a mouse," while Mr. Kenneth Warren, Tory MP for Hastings and a leader of the all-party Freedom of Information Campaign, backed by more than 100 MPs, accused the Government of "being beaten by the Whitehall machine."

About the only positive response came from the Conservative front bench as Sir Michael Havers, the shadow Attorney-General, extended a general welcome to the White Paper, which a Conservative Government may find itself implementing should it win the next election.

But he expressed doubts over a Minister alone being "judge and jury" of what should be classified as secret. He urged Mr. Rees to set up an impartial body *of "three wise men" to adjudicate* in cases where criminal proceedings might be adopted.

Left-wing MPs last night *put* down a Commons motion condemning the Government for its failure to fulfil the 1974 manifesto commitment and "its refusal to supply background documents on the White Paper on Section Two reform as promised by the Prime Minister in November, 1976."

Parliament Page 11. Editorial Comment Page 22

Liberals want electoral reform before pacts

BY RICHARD EVANS, LOBBY EDITOR

THE LIBERALS will refuse to enter into any form of Parliamentary pact with either of the major parties after the General Election unless there is a firm commitment to electoral reform.

This was made clear yesterday by Mr. David Steel, the Liberal Leader, at a Press conference in *Westminster where he spelt out* the broad outlines of the Liberal Party manifesto now being prepared.

Top priority will be given to the introduction of a system of proportional representation, which the Liberals regard as the only way they can get fair representation in Parliament.

This demand will be hammered home in the campaign, when it will be emphasised that there is no question of supporting a minority Government again without achieving this goal.

Tough attitude

The tough attitude underlines the belief of some leading Liberals that the party sold its support for Mr. Callaghan's administration far too cheaply.

What will be demanded either from Mr. Callaghan or Mrs. Thatcher should there be another hung Parliament is an immediate Bill, or a Speaker's Conference or Royal Commission, on the method of electoral reform to be adopted, rather than on the principle.

A time-scale would have to be set so that legislation was introduced and passed within the next Parliament.

Mr. Steel and his colleagues are "very interested" in the possibility of a referendum. Opinion polls have recently shown an increasing proportion of voters in favour of electoral reform.

Neither major party *professed* great concern last night at Mr. Steel's attitude, partly because *they expect the Liberals to have fewer* MPs after the next election than their present 13, and *partly because both parties* predictably claim that they expect an overall majority, with no *need of* Liberals or any other minority group.

The four main elements in the Liberal Party manifesto on which its campaign will be based are:

1—Political reform, which will include the call for PR and more decentralised government.
2—Economic reform, including profit-sharing, *industrial* partnership and a statutory prices and incomes policy.
3—Tax reform, based on a *major* switch from direct to indirect taxation involving introduction of *greater personal incentives*.
4—Conservation of resources, based on protection of the environment *and nuturing of* energy resources.

If there is no election announcement by *mid-September* the Liberals will hold their party assembly in Southport from Sep*tember 11 to 15*.

If the election date is announced by then they will have a *shortened conference and use* it as a launching pad for their campaign.

THE LEX COLUMN

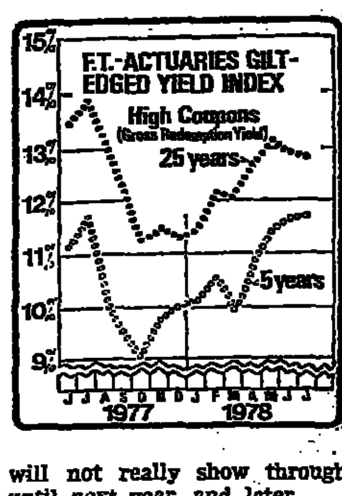
Barclays joins the U.S. queue

Barclays' *$191m* bid for American Credit Corporation marks a new departure for British banks intent on strengthening their base in North America. To date commercial banks have been the prime target but after the recent spate of *bids* there are not so many suitable candidates left and the price for the privillege of owning a U.S. bank has been rising rapidly. Consequently, Barclays' bid for the 29th largest finance company in the U.S. looks a good move.

Although the price of *$50* per share compares with a market price of around $23 and net worth of $30 per share Barclays *is gaining* control of a network *of 354* offices *in 21 states*. Commercial banks are not normally allowed to branch inter-state so Barclays has an advantage here, and on the surface American Credit looks to be a more profitable business than other recent foreign bank acquisitions. *Admittedly*, NatWest's planned acquisition, National Bank of North America, has plenty of recovery potential *but even so a* price of $300m for 1977 pre-tax profits of $4.3m (NatWest only gets 75 per cent) compares with pre-tax profits of $26.8 at American Credit.

Barclays is paying 13 times earnings for American Credit, *which compares with multiples* of 36 and 20 for the recent planned acquisitions by NatWest and Standard Chartered, respectively. Of course, Barclays is not getting the same sort of access to a big dollar base to back up its other international banking business.

Index fell 4.7 to 467.7



Dowty

By any standard yesterday's figures from Dowty Group look impressive. Turnover and pre-tax profit are up 38 per cent on the year though at the earnings per share level the increase is a more modest 19 per cent. On a Hyde basis the profit *improvement is similar*, and the Hyde return on capital, at 13 per cent, is a point better than last year.

Yet another bit of good news is that Dowty has finally decided to give sales and profit figures for its four divisions. *As expected*, the largest profit contributor—with 43 per cent of the total, against 36 per cent of sales—is aviation and defence. The profit improvement here is a below average 13 per cent but Dowty says the benefit of the MRCA contract will not really show through until next year, and later.

The big contributor to the profit increase is the mining equipment division, where the figure is £3m better at £7½m. Most of the increase in sales went overseas to countries like the U.S. and Argentina. *Underlying* the division's 32 per cent sales increase is a good 15 per cent volume again. Elsewhere, hydraulic products and seals have shown a good recovery with profits 76 per cent higher, while Ultra's first time contribution is satisfactory at £1.8m (£1.5m).

Once again Dowty is talking of record order books and a *continuation of growth. So* pre-tax profits of at least £30m should be possible next time, which puts the shares, at 223p, on a prospective p/e, of 10 fully taxed. This premium rating is well justified but attention now hangs on what the group will do about its dismal 3 per cent yield, assuming controls are lifted.

Mooloya/Customagic

In making a full statement on the Mooloya/Customagic deal the Takeover Panel has taken *the opportunity to express some* general views on the operation of Rule 36. The Panel has already found Mooloya *to be in* breach of this rule, which requires that offerors should not, without the agreement of the Panel, offer special terms *or arrangements which are not* extended to all shareholders.

Not all special arrangements *need to be specifically cleared* with the Panel. It is quite common, for instance, for directors to be offered service contracts, and the Panel will check these in offer documents and inv[…] gate if they seem more gener[…] than would be commerci[…] justifiable. In this case, in [...] a service agreement offere[…] Mr. Bernard Terry of Cu[…] magic had been cleared by [...] Panel executive at an e[…] stage.

What caused the Panel "[…]siderable concern," howe[…] was the procurement fee off[…] to a company owned by [...] Maurice Prax. Such fees w[…] *not be a problem if paid t*[…] dependent agents. But Mr. [...] owned or controlled substa[…] shareholdings and it was im[…]sible in these circumstance[…] distinguish between his rew[…] as a shareholder and as an a[…] inducing others to accept [...] offer.

The Panel says that there [...] heavy onus on parties to [...] an arrangement to satisfy th[…]selves that there is no br[…] of Rule 36. It emphasises [...] the Panel executive is alw[…] available for consultation. [...] key passage the Panel po[…] out that it is no answer t[…] failure to consult the Panel [...]*ecutive that a legal opinon* [...] been obtained on the interpr[…]tion of a rule, for the autho[…] designed to interpret the C[…] is the Pnael. This just ab[…] sums up the practical differe[…] between self-regulation [...] SEC-type enforcement.

Union discount

Not surprisingly Union [...]count experienced "diffi[…] trading conditions" in the [...] year to the end of June. M[…]mum Lending Rate started [...] year at 7 per cent, slipped t[…] per cent, and then lurched u[…] 10 per cent. Union had b[…] expecting rates to rise, but [...] common with other disco[…] houses was caught off guard [...] the authorities' indecision [...] the proper interest rate le[…] *As a result it states that* [...] provisions for the deprecia[…] in the value of its portf[…] exceeded its trading profits. bluntly, it made a loss, [...] Alexanders.

The big question is w[…] happens next? Last nigh[…] straw poll in the disc[…] market indicated that n[…] houses expect rates to fall [...] the current tight liquidity [...]tion eases. However, Unio[…] not so convinced that this [...] happen. At best Union reck[…] on a "hung market" betw[…] now and the election with [...] going nowhere in particular.

Ministry underspent by nearly £1bn on defence

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

THE MINISTRY of Defence underspent *its budgets* in the six years from 1972-73, by nearly £1bn, the sums varying in each year from "an insignificant amount" of the total defence budget in 1972-73 to over 6 per cent in 1973-74, an all-party committee of MPs reported yesterday.

The reason was not a lack of items on which to spend money, but unexpected slippages in major equipment and other programmes, particularly after the 1973 oil crisis.

To counter this underspending, the Ministry went on a spending spree in late 1977-78, by bringing forward spending on items ranging from missiles and commercial vehicles to clothing, vacuum cleaners and carpets, with progress payments to companies making aircraft spares and to Royal Ordnance factories.

The report from the Commons Expenditure Committee pointed out that the Ministry says "underspending is not any kind of *hidden cut. It simply reflects* unavoidable delays in works and equipment programmes outside *the control of the Ministry of* Defence."

The MPs said that improved financial information systems, introduced with cash limits, should make it easier for such Departments to monitor spending progress and "take corrective action in good time when divergencies appear from planned patterns of spending."

In 1977-78, the warning signs of underspending seem to have been detected reasonably early.

"We are less satisfied, however, that the existing machinery enables the Ministry to take the necessary corrective action promptly enough," said the committee.

"We recommend that consideration should be given to the feasibility of making contingency arrangements with firms, which would enable additional orders or new contracts to be placed at *short notice*.

"The main aim would be to spend as much of the Defence *Budget as possible, subject to* public accounting conventions. Prompter action might also go *some way towards* reducing the surge of expenditure at the end of the financial year.

"*We think it right in this context* to repeat the comments made to us during our visit to the British Forces Germany by the Commander in Chief, RAF Germany, who said that money had been voted for very good defence purposes. We could always put it to good use and it was wrong that it should ultimately be lost."

The Ministry's underspending is also criticised by Captain John Moore, Editor of Jane's Fighting Ships, in the latest issue.

He says that the Navy receives less for its allocated funds than it should, because of the "perennial problem of completion dates sliding to the right."

BP to shut pilot protein plant

BY KEVIN DONE, CHEMICALS CORRESPONDENT

BRITISH PETROLEUM has decided to shut its pilot industrial protein plant at Grangemouth, Scotland.

The closure means that it has now severed all direct links with protein production, although it is still searching for opportunities to license its technology.

BP has poured many millions of pounds into researching and developing an industrial process for the production of single cell protein from crude oil for use as an additive in animal feedstuffs.

The move to close the 4,000-tonnes-a-year development unit at Grangemouth follows its decision earlier this year to put into liquidation its protein venture in Italy.

Italproteine, a *joint* venture with Anic, the Italian State petrochemicals company, was formed *to build the world's first 100,000*-tonnes-a-year commercial-scale protein plant.

Resistance

The £40m unit was completed in 1976 but has never been allowed to operate fully by the Italian authorities.

They have objected to the product, Toprina, on health grounds and have refused to sanction production since *1976*.

Toprina has been cleared for use in all other EEC countries *and has passed both U.S. and* UN tests. BP has disputed the Italians' claim on the ground that it lacked any scientific basis.

But in the face of continuing resistance, it decided earlier this year, in agreement with Anic, that the project should be ended.

It was costing the companies £10m a year to keep it on a care-and-maintenance basis.

Another proposal to build a commercial-scale plant in Venezuela has come to nothing and BP's remaining development plant, a 16,000-tonnes-a-year unit in France is in "mothballs."

BP is still seeking to license its technology overseas, and it is having active discussions with Russia, which is undertaking an ambitious single cell protein development programme.

BP developed two continuous fermentation processes for manufacturing protein from crude oil, one based on gas oil and another on normal paraffins.

With BP Nutrition the company still holds a major share of the European animal *feedstuffs* market.

Last year, this subsidiary had a turnover of *some £130m*, and production of 380,000 tonnes of speciality animal feeds from 17 *manufacturing bases*.

But its stake "downstream" in the animal feeds business has been acquired since 1975 partly to assist in the marketing of Toprina. With the closure of the Grangemouth plant that connection has now been broken.

Bugs in the challenge to soya-beans and fish meal, Page 22

BL sells 51% of loss-making South African subsidiary

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BL, FORMERLY British Leyland, has sold 51 per cent of its loss-making South African subsidiary in a deal in which the Anglo-American subsidiary Sigma Motor emerges as the country's leading car manufacturer.

Under the agreement, Sigma will take on responsibility for all BL's car assembly activities.

But the two companies are to merge commercial vehicle, tractor and construction equipment interests, which will then be concentrated on the former Leyland plant at Blackheath, near Cape Town.

Neither party would reveal financial details of the deal yesterday, except to say that Sigma had *paid a small sum for its* stake in the new company, which will be called Sigma Leyland.

It seems, however, that the £17.1m provision made in BL's accounts last year for a reorganisation in South Africa may have been more generous than necessary.

This figure included costs of redundancies in the 4,000 workforce now not expected to take place.

The deal's significance for BL is that it has divested itself of its *loss-making car activities*, while retaining a 49 per cent stake in its profitable commercial vehicle and Land-Rover manufacturing business.

Sigma Leyland will manufacture a large range of vehicles from the stables of other international motor companies.

These interests—which include Mack and Mitsubishi trucks, Komatsu construction equipment *and Hitachi excavators*—will give the new group about 25 per cent of the South African truck and bus market, which amounts to a little over 100,000 units a year.

Continued from Page 1

Cabinet considers 5%

flexibility would help to sort out pay *distortions* in the *public* sector.

However, the chairmen may be satisfied if the White Paper streses the need for anomalies to be dealt with.

This will also please leading industrialists who want as much flexibility in the White Paper as possible. They told the Prime Miinster, yesterday that they would prefer to have only an "*indicative figure*" rather than a rigid norm.

They also asked that the White Paper *should include* a Government pledge that a Green Paper would be prepared on longer-term reforms of Britain's pay bargaining systems.

Richard Evans writes: A *majority of the Cabinet now* believes that an attempt should be made to extend statutory *restraint on dividends*, because of the adverse effect abandonment would have on continuing *pay moderation*.

Some Ministers were predicting last night that the Cabinet *might decide* to press ahead with a short Bill despite the likelihood of defeat.

This would enable the Government to argue that it had done all it could to maintain dividend restraint and to blame the Liberals and Conservatives for any failure to do so.

The Tories and Liberals are likely to be joined in their opposition to dividend *legislation* by the nationalist parties and by the Ulster Unionists.

Mr. *Steel* declared that his party would not support dividend restraint without similar *statutory controls* on pay—something Mr. Callaghan is in no position to deliver.

"We do not believe you can have one without the other, and whilst some form of dividend restraint married to pay restraint would be reasonable, we do not support a dividend control bill in isolation," said Mr. Steel.

Weather

UK TODAY

COOL. Cloudy, some rain, in England and Wales. Bright with [...]rs in Scotland and N.

EDITO[…] Cent. S. England, [...] Midlands
[...]ly dry. Max. 17C-15C-17C (59F-63F).

[...] N., N.E. England, [...]es
[...]t times. Max.

Channel Is., S. England, Wales
Cloudy, hill fog patches, occasional rain or drizzle. Max. 15C-17C (59F-63F).

Isle of Man, Borders, S.W. Scotland, N. Ireland
Cloudy, rain at times, perhaps brighter later. Max. 16C 61F).

Edinburgh, Dundee, Aberdeen, Glasgow, Highlands, Moray Firth, N.E., N.W. Scotland, Argyll, Orkney, Shetland
Sunny periods, showers. Max. 11C-13C (52F-55F).

Outlook: Cool. Showers, bright intervals in N. and E., cloudy, rain at times in S. and W.

[...]ENTRES

	Y'day midday	°C	°F		Y'day midday	°C	°F
Amsrdm.	F	17	63	Luxembrg.	C	16	61
Athens	S	31	88	Madrid	S	25	77
Bahrain	S	35	95	Manchstr.	R	14	57
Barcelona	S	25	77	Melbourne	S	14	57
Beirut	S	26	79	Milan	S	29	84
Belfast	C	14	57	Montreal	C	21	70
Belgrade	F	31	88	Moscow	C	14	57
Berlin	F	19	66	Munich	C	14	57
Birmghm.	C	17	63	Newcastle	C	14	57
Bristol	C	17	63	New Delhi	R	23	73
Brussels	F	18	64	New York	S	[illegible]	[illegible]
[illegible]	C	19	66	Oslo	F	17	63
[illegible]	C	12	54	Paris	R	17	63
[illegible]	S	34	93	Perth	R	16	61
[illegible]	C	16	61	Reykjavik	S	12	54
[illegible]	S	27	81	Rio de J'o	S	25	77
Cologne	R	15	59	Rome	S	27	81
Copnhagn.	C	14	57	Singapore	S	29	84
Dublin	C	14	57	Stockholm	C	15	59
Edinburgh	C	17	[illegible]	Strasbrg.	C	18	64
Frankfurt	C	18	64	Sydney	S	16	61
Geneva	C	17	63	Tehran	S	30	86
Glasgow	C	16	61	Tel Aviv	S	29	84
Helsinki	S	15	59	Tokyo	C	30	86
H. Kong	S	32	90	Toronto	R	24	75
Jo'burg	S	18	64	Vienna	C	20	68
Lisbon	S	27	81	Warsaw	F	19	66
London	C	15	61	Zurich	C	16	61

HOLIDAY RESORTS

	Y'day midday	°C	°F		Y'day midday	°C	°F
Ajaccio	S	24	75	Istanbul	S	28	82
Akrotiri	S	34	93	Jersey	F	16	61
Algiers	F	29	84	Las Plms.	S	27	81
Biarritz	S	20	68	Locarno	F	27	81
Blackpool	C	15	59	Majorca	S	26	79
Bordeaux	F	19	66	Malaga	S	27	81
Boulogne	C	15	59	Malta	S	29	84
Casablnca.	F	25	77	Nairobi	S	20	68
Cape Tn.	C	16	61	Naples	S	28	82
Corfu	S	30	86	Nice	S	25	77
Dubrovnik	S	29	84	Oporto	S	24	75
Florence	F	26	79	Rhodes	S	28	82
Funchal	S	22	72	Salzburg	C	15	59
Gibraltar	F	25	77	Tangier	S	26	79
Guernsey	F	17	63	Tenerife	F	33	91
Innsbruck	C	16	61	Tunis	S	32	90
Inverness	C	14	57	Valencia	S	27	81
Is. of Man	C	14	57	Venice	S	25	77

S—Sunny. F—Fair. H—Hazy. C—Cloudy. R—Rain.

Burmah challenges Bank's right to withhold papers

BY MARGARET REID

THE BANK of England thought it would be reasonable to split *with Burmah Oil any profit* realised on the big shareholding in British Petroleum which it took over during its rescue operation of Burmah in early 1975, the High Court heard yesterday.

But the Government would not agree to any profit-sharing formula and the shares were sold to the Bank for £179m, some £500m less than their present value, without any such arrangement.

These points were made at the start of a case in which Burmah *is seeking a Court order* compelling the Bank to disclose 62 documents which the company *considers vital to its* £500m action against the Bank for the return of the shares at the *original purchase* price.

The Government has claimed Crown privilege in withholding *the documents* and the Attorney-General is opposing Burmah's application.

Mr. Andrew Bateson, QC, for Burmah, told Mr. Justice Foster that the Crown refused to dis*close the documents*, which record high-level discussions involving Government Ministers *and senior civil servants, on the* ground that publication would be "injurious to the public *interest." But, Mr. Bateson* argued, Burmah's action was a commercial matter in which privilege could not be claimed.

Crown privilege, he contended, should be very restricted in its operation.

Burmah's statement of claim, which was read publicly for the first time, referred to a meeting on January 22, 1975—just before Burmah's sale of its BP shares was agreed.

According to the statement, "*at the said meeting, the* Governor and Deputy Governor (Mr. Gordon Richardson and Sir Jasper Hollom) stated that they remained of the view that their proposals for profit sharing were fair, they felt that they had done as much as they could to support such proposals for profit sharing, they would immediately make further representations to H.M. Government, and they would not object to Burmah's representatives and advisers having direct discussions with the Paymaster General (Mr. Harold Lever) who *was handling* the matter for H.M. Treasury.

The Bank's defence statement read yesterday, agreed that Mr. Richardson and Sir Jasper had said at the meeting that they remained of the view that the suggestion of a profit-sharing arrangement was reasonable.

The statement of claim also revealed that, at the onset of the crisis, representatives of Burmah's merchant banking advisers, Flemings and Baring Brothers told the Governor and *Deputy Governor* of the general nature of Burmah's financial problems, without Burmah's *prior approval*.

They did so "following an earlier request by the Bank to *certain* financial institutions to inform the Bank as soon as possible of any major financial *problems within their* knowledge."

Mr. James Lumsden and Mr. Nicholas Williams, then respectively Burmah's chairman and managing director, took part in a meeting with the *Governor on* the subject later the same day, December 23, 1974.

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